

## NATIONAL

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presidential c'tee ranks Gombe  
number 1 Pg 4

## ENERGY

Egbin power seeks  
\$1.8 billion to expand  
output Pg 12

## BOTTOM LINE

Dangote Sugar leads the  
pack as best consumer  
goods stock Back page



# MONEYCENTRAL

MARKET MOVING NEWS, DATA & ANALYSIS | Monday 21st - 27th June 2021 | Vol. 01, No. 023 | [moneycentral](#) | [moneycentralng](#) | [@moneycentral4](#) | [moneycentralng](#) | **N200**

## THE INSURANCE EDITION

### MoneyCentral Insurance Index:

# There are only six big insurers in Nigeria

• Leadway, AIICO, Custodian, NEM, Mansard and FBN

BALA AUGIE

The insurance industry is dominated by the big six insurers-LeadwayAssurance Limited, AIICO Insurance Plc, Custodian Investment Plc, FBN Insurance Limited, NEM Insurance Plc, and AXA Mansard Insurance Plc- who are members of MoneyCentral's proprietary Insurance index.

These companies were ranked based on financial metrics such as Combined ratio, asset size, return on equity, revenue size, solvency ratio, and net income. And the mnemonic symbol for this parameter is "CARRSAN"

The big six are the most capitalized, efficient, profitable, and liquid companies in the country, which is why they have been able to survive the unfavorable underwriting conditions.

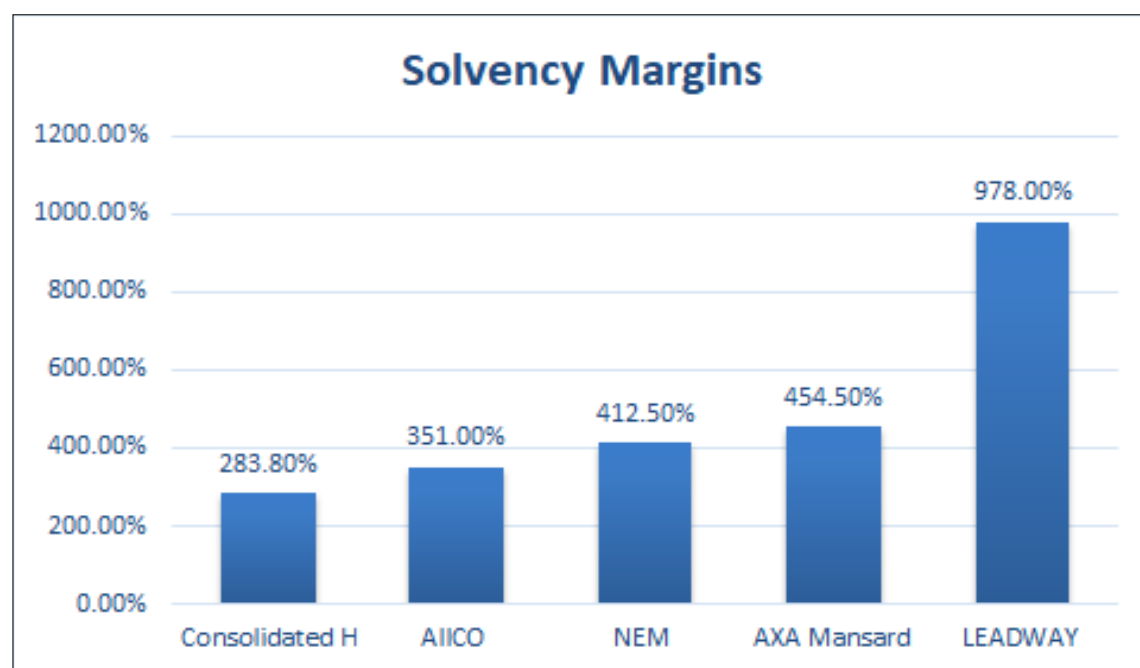
Going through their books, the majority of Nigerian insur-

ers stayed resilient during the coronavirus pandemic as they

recorded strong earnings growth that was supported by interest

income on both short- and long-

*Continues on page 14*



## COMPANIES & MARKETS

Enterprise Value:  
Oando is worth  
N349.09bn now

Pg. 8

Capital hotels Board  
agrees to sell 51% stake  
to 11 Plc

Pg. 9

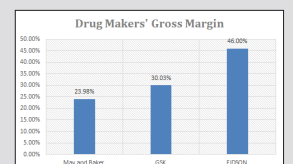
## INSURANCE HUB

Life segment contrib-  
utes 67.60 % to Industry  
premium income in  
2020

Pg. 10

## THE MARKET EAR

Drug makers profit  
margins soar on  
pandemic boost



Pg. 15

Guaranty Trust Bank  
Shares on full trading  
suspension

Pg. 15

## NSE INDICES (WEEKLY)

All share  
38,648.91  
1.30%

NSE 30  
1,599.22  
0.29%

## BONDS/FORWARD

FGN  
23 -JUL - 30  
12.51

FX (\$/N)  
25- MAY -22  
436.48

## BDC Exchange Rates

\$ - NGN  
475

£ - NGN  
680

€ - NGN  
580

## COMMODITIES

BRENT (ICE)  
73.51  
USD/bbl  
0.82

GOLD Spot  
1,764.16  
USD/t.oz  
127.43

## Bitcoin (BTC)

\$36,200  
N18.17 M

## MARKETS

# Deals: Heirs can buy these 4 Insurance companies for inorganic growth

BALA AUGIE

The launch of two insurers by Heirs Holdings Group could spur mergers and acquisition as there are a couple of companies that are up for grabs for inorganic growth.

Inorganic growth is the growth of business, sales expansion etc. by increasing output and business reach through acquiring new businesses by way of mergers, acquisitions and take-overs.

Some insurance companies

with weak capital bases and irreparable deteriorating financial conditions could be bought by Heirs Holdings Group through two insurers it unveiled a few weeks ago.

With N10 billion and N8 billion minimum paid-up capital

of both Heirs Insurance Limited and Heirs Life Assurance combined with experience of billionaire investor Tony Elumelu, it is only a matter of time that the banking sector kind of

*Continues on page 14*



Heirs Holdings Chairman, Tony Elumelu

## What do you need to protect your business?

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- Motor Vehicle Insurance?
- Employees' Life Insurance?
- Other Assets and Liabilities Insurance?

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## NATIONAL

# Nigeria to see growth rebound in Q2, Q3 2021 – World Bank

JESSICA MAURICE

Nigeria is set to see a rebound in growth in the second (Q2) and third quarter (Q3) of 2021, according to the World Bank in a new Nigeria Development Update report seen by MoneyCentral.

The World Bank report notes that:

“Nigeria’s economic temperature (NET) is getting warmer, hinting at a growth rebound for the second and third quarter of 2021.”

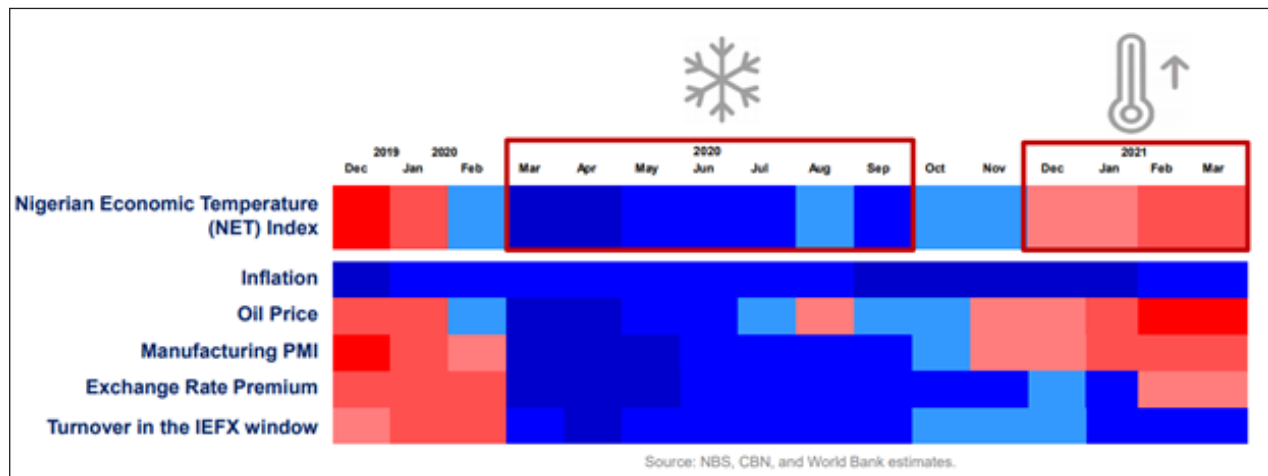
The NET Index is produced by the World Bank and measures the “temperature” of the Nigerian economy based on a set of 14 high-frequency indicators.

These indicators include headline inflation, oil prices, manufacturing PMI, Treasury Bill rates, currency in circulation, exchange rate indicators (e.g., premium between the parallel vs. NAFEX rates), external reserves, and credit to the private sector.

The color coding is based on the deviations

of each indicator relative to a 5-year average. RED indicates potential stronger growth (the economy is heating up). BLUE indicates the opposite (the economy is cooling).

Quarterly GDP growth in Nigeria has resumed but remains below the levels of 2017-2019, with GDP rising by 0.51 per cent in Q1, 2021.



## HEALTH

## Edo introduces telemedicine to Health Insurance Scheme

MELODYST.CLAIRE OGEAWUCHI

The Edo State Health Insurance Commission has said it has developed a robust Information Communication Technology (ICT) system that will allow beneficiaries of the state’s health insurance scheme seamless access to efficient and quality healthcare services.

The Director General, Edo State Health Insurance Commission, Dr. Rock Amegor, disclosed this in

his opening remarks during an orientation programme for healthcare providers in Benin City, the Edo State capital.

He said the commission is working towards improving life expectancy in the state by ensuring that residents get access to quality health services.

According to him, “The Commission has developed a robust ICT system for enrolment and registration of enrollees into the scheme, as well as the

initiation of telemedicine to enable enrollees to have access to qualified medical professionals.”

Amegor urged the healthcare providers to boost capacity building that will enable them to provide top-notch services to beneficiaries of the state’s health insurance scheme.

The Director General added that the one-day interactive session provided the opportunity to finetune the insurance scheme with

the healthcare providers ahead of rollout.

The Edo State Health Insurance Scheme is designed to provide affordable, accessible and quality healthcare services to Edo residents and indigenes without them needing to make out-of-pocket payments to enjoy medical and health services.

The Scheme is the brainchild of Governor Godwin Obaseki and is geared to service all categories of medical care needs in the state.

## INFRASTRUCTURE

## Reconstruction work to begin on Papalanto-Ilaro-Sagamu Interchange Road soon – Abiodun

SEUN PETERS

The Ogun State governor, Dapo Abiodun has disclosed that his administration had reached an advanced stage of discussion with the Federal Government for the reconstruction work on the Papalanto-Ilaro-Sagamu Interchange Road.

This is just as he said that the ongoing construction work on the Ilaro-Owode Road was deliberately broken into sections in order to speed up the rehabilitation of the road.

Abiodun made this known over the weekend while speaking at the 11th Synod of the Diocese of Yewa, Anglican Communion, Ilaro.

The Governor at the Synod with the theme, “But, They That Wait Upon The Lord”, declared that “there is probably no local government in Ogun

West where construction is currently not going on.”

“There is no local government in Yewa and that is not constructing roads. Here, in Ilaro, we are doing the Ilaro-Owode Road, that project has been slower than we anticipated and I have since intervened. I have decided to break that project into two and leave part of it with the existing contractor, and bring in a new contractor to speed up the construction of that road.

“I have started discussions on the commencement of the Papalanto-Ilaro-Sagamu Interchange Road, our discussion is at conclusive stages. So, very soon, you will see mobilization to site for the construction of that road. That road is a very critical one for our East to West connection,” he said.

The governor, who also disclosed that his administration

would be inaugurating the Imasayi Road in Yewa North Local Government later in the month, also added that roads in Imeko and Ipokia would also be inaugurated in the next three weeks.

Abiodun, however, urged landlords in the state to ensure that they know their tenants well enough, declaring his administration would not hesitate to demolish any property found to harbour kidnappers and other criminals.

He further called on the congregation at the Synod, to continue to see each other as their brother’s keeper, adding they should continue to believe in the unity of the country.

“Our administration is determined to rid the state of bandits, kidnappers and other criminals. If we arrest any kidnapper, bandit or any other criminal, not only would

we deal with him to the full extent of the law, we would also demolish any house found to be harbouring criminals. So, you must know your tenants.

“I want to admonish us that these are difficult times for this country, we need to see ourselves as our brothers keepers. You know the Bible says we should love our neighbours like ourselves. This year, there is so much banditry, kidnapping, and the reason why people are calling for secession and break up of this country. That must not happen, it is only someone that does not recall what happened during the Civil War that will continue to beat the drums of war. We will not be attributed by any ploy to divide this country, we believe in the oneness and indivisibility of this country because there lies our strength,” Abiodun posited.

## ENERGY

## NLNG Train 7 \$10bn-investment begins

SEUN PETERS

The President, Major General Muhammadu Buhari (retd.) has inaugurated the construction of the Nigeria Liquefied Natural Gas train 7 project and charged the company to ensure its timely completion.

Buhari who did the ground breaking virtually from Abuja said the early completion of the project located in Bonny Island, Rivers State, would pave the way for the commencement of Train 8.

He urged the Board of Directors, management and staff of NLNG, the Rivers State Government, host communities and other agencies of the Federal Government to close ranks so as to ensure comple-

tion and eventual commissioning of the Train 7 project.

He said, “As we flag off the Train 7 project today, I look forward to the development and execution of more gas projects by the International Oil Companies and indigenous operators, and more trains from Nigeria LNG to harness the over 600 trillion cubic feet of proven gas reserves we are endowed with.

“Let me use this opportunity to commend the shareholders of NLNG, the Federal Ministry of Petroleum, the Nigeria National Petroleum Corporation and the Nigerian Content Development and Monitoring Board and other stakeholders for very exemplary collaboration which has culminated in this great opportunity for Train 7.

## INDUSTRY

## BUA Cement says no further increase in cement prices

SEUN PETERS

BUA Cement, Nigeria’s second-largest cement maker, has again assured Nigerians that it won’t further increase the price of cement. This is the second time BUA is reassuring its customers in the past two months.

This was confirmed from a statement it shared on its Instagram page on Friday.

The statement from BUA Cement read:

“We have been inundated with requests from our distributors seeking clarifications as to whether BUA also intends to increase the price of its cement. This is in view of a purported 10% price increase by another major

cement manufacturer.

“While we are now aware that the said producer has increased the price of its cement (ex-factory) effective Monday, June 14, 2021, we however wish to state that BUA is not a part of this increase and does not seek to increase the price of its cement (ex-factory) in the foreseeable future.”

BUA Cement recently released its 2020 Full Year Audited Financial Results with the company declaring a Profit After Tax of N72.3 billion representing a 19.4 percent increase over the corresponding period in 2019.

BUA Cement’s revenues also grew to N209.4 billion from N175.5 billion, as at FY2019.

## MACRO

## Nigeria’s annual inflation rate rose by 17.93% in May – NBS

SEUN PETERS

The consumer price index which measures inflation increased by 17.93 per cent (year-on-year) in May 2021.

The National Bureau of Statistics (NBS) disclosed in its Consumer Price Index report for May which was released last week.

This is 0.19 per cent points lower than the rate recorded in April 2021 (18.12 per cent).

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

On a month-on-month basis, the headline index increased by 1.01 per cent

in May 2021. This is 0.04 percentage points higher than the rate recorded in April 2021 (0.97 per cent).

The percentage change in the average composite CPI for the 12 months period ending May 2021 over the average of the CPI for the previous 12 months period was 15.50 per cent, showing a 0.46 per cent point rise from 15.04 per cent recorded in April 2021.

The urban inflation rate increased by 18.51 per cent (year-on-year) in May 2021 from 18.68 per cent recorded in April 2021, while the rural inflation rate increased by 17.36 per cent in May 2021 from 17.57 per cent in April 2021.



## NATIONAL (NORTH)

# Ease of doing business: presidential c'tee ranks Gombe number 1

ABDULWAHEED OLAYINKA  
ADUBI, Kaduna

Gombe State has been ranked first among states that have provided attractive environments that promote business growth in Nigeria.

This was contained in a result of the State Ease of Doing Business Survey undertaken by the Presidential Enabling Business Environment Council (PEBEC) as a status report on the current attractiveness of states business climates for small and medium sized enterprises (SMEs).

Gombe is followed by Sokoto, Jigawa and Akwa Ibom States who ranked 2nd, 3rd and 4th respectively.

The subnational survey methodology framework was developed by the PEBEC-NEC Technical Working Group comprising representation from six states embodying the six geopolitical zones, the NEC (National Economic Council) Secretariat, Nigerian Governors Forum, the Nigerian Bureau of Statistics, the Nigerian Investment



Muhammad Inuwa Yahaya, Executive Governor of Gombe State

Promotion Commission, the Nigerian Export Promotion Council, the Nigerian Summit Group and other private sector representatives.

The PEBEC and NEC are chaired by Vice President Yemi Osinbajo.

The homegrown indicators used in the survey are

infrastructure and security, transparency and access to information, regulatory environment and skills and workforce readiness.

Each state was rated on a ten-point scale across the indicators, which provided the basis for calculating the overall performance of the state.

The field survey was conducted by KPMG Professional Services between November 2020 and January, 2021.

The survey captured the reforms baseline enabling each state's ease of doing business council to craft their own reform agenda and implementation roadmap based on empirical data and feedback from a cross section of 998 SMEs across the 36 states and the FCT.

A breakdown of the result showed that in Infrastructure and Security, Gombe scored 5.86 in Electricity, 5.86 in Transportation, Primary Healthcare 7.50 and Security, 7.99, with an average score of 6.80.

In Transparency and Access to Information, the state scored 9.35 in Investment Promotion and 8.69 in State Information Structures, with an average score of 9.02.

In the regulatory environment, it scored 5.75 in paying taxes, 8.21 in Starting a Business, 6.44 in Enforcing Contracts and 7.64 in Land, Property Acquisition and Development. Its average was 7.01.

## POLITICS

## El-Rufai sacks 99 political appointees

ABDULWAHEED OLAYINKA  
ADUBI, Kaduna

Governor Nasir El Rufai of Kaduna State says the government has begun to implement its rightsizing policy by disengaging 99 political appointees.

He, however, stated that the state government had yet to disengage any civil servant as only agencies connected to the local government system have disengaged staff.

The governor who briefed reporters on Thursday listed those affected to include the 23 local government councils, State Universal Basic Education Board (SUBEB), and the Primary Health Care Board.

He explained that the disengaged political appointees constituted 30 per cent of the total number of political office holders in the state.

"So far, 99 political appointees have lost their jobs, but we have not commenced rightsizing civil servants," said Governor El-Rufai.

He added, "We want to be fair with regards to civil servants. We had earlier prom-

ised that before we reduce the size of the civil service, we will start with political appointees, and we have done that."

The governor stated that the rightsizing of civil servants would still go on as planned because of dwindling revenues that were accruing to the state government from the federation account.

He added that rightsizing commenced with political appointees because their details were clearly known, making it more straightforward to disengage them.

Governor El-Rufai clarified that civil servants whose veracity of data had raised questions have been given a chance to clear the doubts before any action would be taken.

He disclosed that the government has employed 11,000 more workers in the health sector, Kaduna State University, as well as primary and secondary school teachers across the state.

The governor also faulted the claims that the salaries of political appointees accounted for the bloated personnel cost of the state government.

## INTERVIEW

## I am serving my people even without being Governor – Maikaya

Alhaji Musa Maikaya is a chieftain of the All Progressive Congress APC, in Nasarawa state, he aspired to be the governor of Nasarawa state under the platform of the APC in 2019. In this interview with select Journalists in Toto his home local government, Chief Executive Office CEO, of Maikaya foundation bares his mind on the administration of Gov. AA. Sule. MoneyCentral's Northern Bureau Chief **NATHANIEL GBAORON**, was there and brought the excerpts...

**You Aspired to be the governor of Nasarawa state in 2019 and you lost out to the present governor at the stage of primaries; are you considering contesting come 2023?**

Before now I considered the seat of the governor in Nasarawa state, in the last dispensation, as it were I wasn't the chosen candidate and as God will have it, we have Engineer A. A Sule as the governor. For me that aspiration wasn't born out of I needed a position, it was out of I needed to serve. You know there must be one governor which we have now. Therefore the idea of serving my people I think shouldn't be through one singular channel. That's why for me from 2019 till date, there are lots of activities that My foundation, Maikaya development foundation have done. It's a way I think we can provide services to the people or mankind with our limited resources. So talking about governance in the state, to me we have a governor on seat right now so there is still time. At the moment it's not something I'm even thinking of to be honest with you, not



Alhaji Musa Maikaya

at the moment because we have a governor who is virtually two years on the seat. We all contributed to him being there, I am sure you know other candidates in APC who rally round the candidate to ensure we help him get Victory at the polls. I am sure you notice that he was supported till the last moment because we all collectively agreed to work for the party and to ensure he won and if you notice what came out of Toto Local government, I am sure statistics show that Toto is a true supporter of A.A Sule, so at this point in time we still maintain our support for him, he is half way into the first tenure and as you all

know, he was not in government before but in the private sector. I think he still has the time to get the grasp of what he planned to do for the state. Hopefully we would be able to see something at the end of the first tenure in the state. For anybody or for me as an individual to start thinking of governance of the state while he is just two years in power I think that will be counter productive.

**Are you saying your hope of becoming the Governor of Nasarawa state is dashed?**

No dashed in what way? dashed when A.A Sule succeeded? dashed within what? Not when he is on

the seat, so there should be a boundary where you describe dash. You are talking about somebody who is halfway into his tenure so nobody should aspire for anything and again today we have APC and we are all in APC, we have an APC governor on seat that we all supported to be on seat and we are okay with him, talking about any other aspiration it is after or when he is completing his mandate we have given him. When that time truly comes up we shall know if there is nothing like dashed aspiration but for now there is nothing like that. Yes we have somebody on seat and we supported him to be on seat and we're still supporting him to perform and make a difference.

**Are you saying you're comfortable with the way Governor AA. Sule is running his own administration?**

First and foremost, I must say without any form of ambiguity that the governor means well, he just came into government, he wasn't part of the last administration, he would have had his plan like you said, he has his manifesto, until he gets to that seat

before anybody will appreciate any level of what is on ground. If you don't know what is on ground you probably are assuming from what you see, but the reality is when you are there. I know that there are issues around education recently when he came up, trying to uncover some frauds, am sure he didn't know about that when he came in, not just that, for you to even talk about development in anywhere in the world, you need to talk about security, if you do not have security there is no way you can talk about development in any area and security I believe anybody in Nigeria knows that Sule is one of those governors that have been running to Mr President to seek support on security. He has been calling on the world to seek support, that shows it's a key issue to him and security is not something you can predict or get your data or information as planned, it can come up anywhere, anytime there could be breach anytime and suddenly you have a threat situation around security. For me, if I want to assess him I will start from whether there is an enabling environ-

ment for him to even put those things he plans in place, we all agreed where security is in Nigeria today. Nasarawa state is not left out, Nasarawa state is one of the key state in Nigeria in terms of security, Toto particularly, I will say 18 months ago you won't be able to come here, if anybody tell you to go and mine or pick gold on the street of Toto, people were not coming because of insecurity but we clearly saw his efforts and today people are celebrating sallah. It is one thing even if you are his enemy you will give him credit for this one so if you want to measure him in other things you will have to begin from there, that is the fundamental thing then he can take off from there He has his plans but again what he met on ground was probably not what he thought. As long as security is concerned you don't have anywhere you can isolate a state. If there is insecurity in a neighbouring state it is likely to catch up with your own state, we have had so many breaches around our neighbours and which

*Continues on page 14*



## NATIONAL (NORTH)

# Grazing Reserves to begin operation soon in Gombe

... as state keys into Livestock Transformation Scheme

ABDULWAHEED OLAYINKA  
ADUBI, Kaduna

The Gombe State Government has assured that grazing reserve facilities in the state would begin operation soon.

The Commissioner of Agriculture and Animal Husbandry, Muhammad Magaji Gettado, who disclosed the readiness of the government to transform the grazing reserve in the state, said it is a way of keying into the vision of the National Livestock Transformation Programme of the Federal Government.

While on site inspection, the commissioner expressed satisfaction on the level of work at the grazing reserve, he however, challenged the contractor handling the veterinary clinic to speed up work for herders to enjoy services to be provided.

The Emir of Duku, His Royal Highness, Alhaji Haruna Abdulkadir Rashid II commended the state government on its efforts towards ensuring that the grazing reserve facility in the state begin operation soon.

While also adding that the synergy between the state, Federal Government and other relevant agencies to ensure the smooth implementation of the National Livestock Transformation Programme which

seeks to boost the production of livestock and its value chain in the country is commendable.

The monarch said his emirate council is in full support of the initiative because of the fact that if fully implemented, the programme will not only help herders from risky distant travels by foot, but will also curtail the perennial farmer's/herders clashes.

He added that the determination of the state government towards ensuring the revival of Wawa-Zange grazing reserve would help in revamping agricultural activities and livestock

production in the state.

Sites inspected by the Commissioner include the completed 20-bed capacity hospital, the ongoing construction of a veterinary clinic and large expanse of ware hay currently being nurtured to maturity. Other areas visited by the Commissioner and members of his entourage included the already dredged dams located at the grazing reserve settlements centre and the one in Galumji recently awarded by the administration of Governor Muhammad Inuwa Yahaya to harvest

more rain water for the benefit of the livestock.

He said when eventually completed, the grazing reserve will house 6 hospitals, 6 veterinary clinics, a milk collection centre, 16 boreholes and a modern abattoir to add up to the existing schools for nomadic education.

"Gombe State Government will leave nothing to chance. We will employ health workers and veterinary staff to man each facility when completed and ready for use and we are going to equip these facilities with state of the art equipment."



## LABOUR

# Nasarawa Government, NLC crisis deepens as Gov. Sule dares workers

NATHANIEL GBAORON, Lafia

Following the indefinite strike action by Organised Labour which started on Tuesday, June 15, 2021, Governor Abdullahi Sule of Nasarawa State has invoked 'no-work-no-pay' policy.

The governor's directive was contained in a statement signed by Barr. Muhammad Ubandoma-Aliyu, Secretary to Nasarawa State Government (SSG) and made available to newsmen on Tuesday

... Invokes 'No-Work-No-Pay'

in Lafia.

The governor also directed Permanent Secretaries (PS) to open attendance registers in all Ministries, Departments and Agencies (MDAs) to check those who would not come to work for the effective implementation of the policy of 'no-work-no-pay'.

The governor also said the government would take the organised labour to the Industrial Court Makurdi,

Benue State to challenge what the government called a unilateral decision by the union.

Governor Sule in the statement also directed security agencies to deploy their personnel to man all MDAs in the state to ensure law and order.

He further observed that officials of the union in the state denied workers unwilling to join the strike access to

their offices.

Governor Sule however expressed the willingness of the government to continue to engage the organised labour with a view of finding amicable solutions to thirty grievances.

He therefore commended members and officials of National Union of Local Government Employees (NULGE) for refusing to participate in the strike.

## POLITICS

# I have seen Aper Aku in Governor Ortom, says ex - deputy gov

GEORGE KAJO, Makurdi

Former Deputy Governor to the first civilian Governor of Benue state, late Aper Aku, Alhaji Sule Yaji has described Governor Samuel Ortom as having similar leadership qualities of his principal.

The former deputy governor who made the assertion on Friday when he visited Governor Ortom at the Benue Peoples House Makurdi, described him as brave, straight forward and proactive just the way Aku was, saying with such leaders Benue is blessed.



He noted that as an agrarian state, anything that touches Benue farmers must worry the leader, pointing out that when a focused and determined man leads, the followers are inspired.

While recalling his fond memories as Deputy Gover-

nor and part of Benue State, Alhaji Sule said it was a thing of joy for him to be hosted by Governor Ortom after 38 years of service to the State, saying he feels elated each time Benue is mentioned.

He expressed satisfaction that Governor Ortom had taken steps to complete some of the projects their administration started while also initiating numerous other projects during his tenure.

Alhaji Yaji prayed to God to bless youth who are aspiring to occupy leadership positions in the state, even as he

noted that as old and experienced leaders, they would continue to pray for the young ones and to provide direction.

Responding, Governor Ortom thanked the former Deputy Governor for the visit to encourage him, saying that it was a privilege to host such a great leader who helped Aku to lay a solid foundation upon which his successors are building on.

The Governor prayed to God to grant Alhaji Yaji a long life so he could continue to positively impact the younger generation.

## EDUCATION

# Teacher's urge Govt to upgrade standard of learning

OJOMA YUSUF, Yola

National Teachers Conference organized by Maltina Teacher for the year with the theme class room without borders the new normal has openly enhanced the knowledge of teachers in the state.

The conference which is the first of its kind in Yola, Adamawa State has impacted teachers on how to improve the standard of education in the state.

Deputy Director in a university Dr Abudullhi Bashir, made the call at the National Teachers Conference organised by Maltina Teacher of the year Oluwabumi Alani, on Friday, in Yola, with the theme: "Classroom without border; the new normal."

Bashir said that the current school curriculum needed to be revisited in the light of current developments in the education sector caused by technology and current global realities.

He added that this would

help to improve the standard of education in the country and enable students to compete with their peers around the world.

Dr Bashir also pointed out that governments should look into teachers' welfare with a view to align their remuneration with doctors, engineers and other professions.

Lending her voice in the conference, Mrs. Wilbina Jackson, Adamawa Commissioner for Education, loudly applauded the efforts of the organizer for her contributions to education development in the country.

Mrs. Maryam Abubakar, Executive Secretary, Post Primary Education Management Board, who represented Mrs Wabina Jackson, charged teachers to impact positively on the life of their students to succeed in future.

According to her, the world is moving towards technology, hence the need to encourage students to embrace it in order to succeed.

## CRIME

# Court convicts 6 Shila boys, attackers of DSS officer

... sentences them to 3 - 5 years in prison

OJOMA YUSUF, Yola

Tears rolled freely from the eyes of 7 dreaded Shila Boys when the Chief Magistrate Court II sitting in Yola, Adamawa state pronounced their conviction to 3 - 5 years in prison for various offences.

While some of them were convicted and sentenced with an option of fine, others were not due to the gravity of offences upon which they were tried and convicted.

The convicts were arraigned before Magistrate Japhet Ibrahim Basani, led Magistrate Court on Thursday, on various offences ranging from criminal conspiracy, theft, extortion, criminal force

and several others.

Those convicted include; Usman Ibrahim (Abbati) 17, Fa'ad Mohammed, 18, Abubakar Alfa, 18, Iliyasu Dahiru, 15, Ahmed Bamanga, 18, Nurudeen Ya'u (Dandada), 18, and Abba Dahiru, 18, and were sentenced to 5, 3, 4, 3, 4, 4 and 4 years in prison.

Earlier, the convicts who were separately tried, admitted committing the offences after which the prosecution counsel, M. A. Adamu, applied for summary trial and tendered exhibits including cutlasses, touch light and a face mask as well as witnesses who corroborated the plea of the defendants and now convicts.

## POLITICS

# ADHA Speaker donates 23 cars, 5 ambulances, empowers 500 women

OJOMA YUSUF, Yola

After two years of stewardship, the Honorable Speaker of Adamawa State House of Assembly has returned to appreciate the people of his Uba Gaya Constituency.

The Speaker, Aminu Iya-Abbas, on Saturday donated 23 cars to youths, 5 ambulances and medical consumables to primary health care clinics, and cash gifts of N5,000 each to 600 vulnerable women.

While celebrating the June 12 Democracy Day, the speaker said he returned to

appreciate the people of Uba-Gaya for the victory they gave him at election and the loyalty he has continued to enjoy from them.

In his remark, Mahia local government chairman Alhaji Idi Amin commended the efforts of the speaker, saying that insecurity can be subdued if the people decide to come together, forgetting religious and ethnic differences.

Some of the beneficiaries greatly applauded the Speaker of the House of Assembly for his gesture.



## EDITORIAL

## World Bank Inflation Report a Wake up Call for Authorities

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A new report from the World Bank released last week confirmed that high inflation is reducing Nigerian's purchasing power, with rising food prices as the main driver.

In the past year food prices accounted for almost 70% of the total increase in inflation which rose in 2021-21 from an already high level.

Inflation is exacerbating poverty and food security in Nigeria, with the World Bank estimating that falling purchasing power is expected to have pushed about 7 million more Nigerians into poverty.

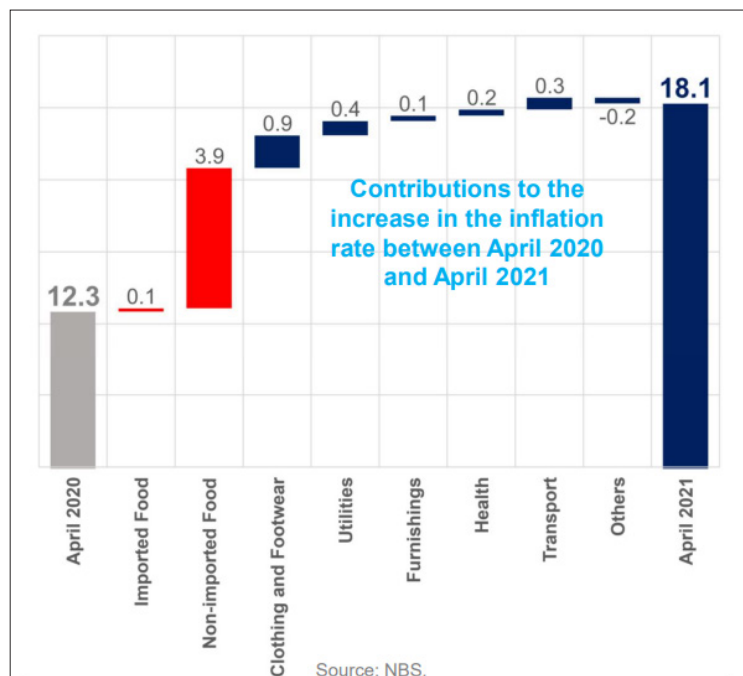
Nigeria's annual inflation increased by 17.93 per cent (year-on-year) in May 2021, the National Bureau of Statistics (NBS) disclosed in its Consumer Price Index report for May which was released on Tuesday.

This is 0.19 per cent points lower than the rate recorded in April 2021 (18.12 per cent).

Galloping food prices have heaped pressure on households in Africa's largest economy, which is also facing a shrinking labour market and stagnant growth at a time of mounting insecurity.

The rise in inflation especially the food component is a blow to Nigerians already reeling from high unemployment, stagnant wages and a slow growing economy.

## Chart of the week



Month	Inflation Rate %
Apr-20	12.34
May-20	12.4
Jun-20	12.56
Jul-20	12.82
Aug-20	13.22
Sep-20	13.71
Oct-20	14.23
Nov-20	14.89
Dec-20	15.75
Jan-21	16.47
Feb-21	17.33
Mar-21	18.17
Apr-21	18.12
May-21	17.93

Source: MoneyCentral, NBS

Nigeria's economy went into recession - its second since 2016 - in the third quarter of 2020, as the coronavirus pandemic caused oil prices to crash, slashing state revenue.

With prices more than double the bank's inflation target band of 6% to 9% there has to be some concerted efforts to begin

to tame the monster.

Inflation is a decrease in the purchasing power of currency due to a rise in prices across the economy.

When inflation is too high, it is not good for the economy or individuals. Inflation will always reduce the value of money, unless interest rates are

higher than inflation. And the higher inflation gets, the less chance there is that savers will see any real return on their money.

In Nigeria today the inflation rate is higher than the risk-free rate and yields on other major assets like fixed deposits in banks, savings bonds and corporate debt.

For the CBN some of the recent statements from its monetary policy committee (MPC) members suggests that they see rising inflation more as a result of the structural deficiencies in the domestic economy.

Adamu, Edward Lame-tek, a member of the MPC notes that:

"Given that food prices have remained the major driver of the overall domestic price pressure, the role of money can be assumed to be minimal. As such, the correct policy-mix must continue to include a focus on alleviating supply from both production and distribution sides."

For the Federal Government, it is paramount to improve security in most of the food producing basins in the country, which have been hit by deadly farmer-herder conflicts.

The FG should also deal with bottlenecks in regulation, and at the Ports that are adding to the cost of doing business and hence rising prices.

## ECONOMIC CALENDAR

**Monday, 21 JUNE 2021**  
**NATIONAL BUREAU OF STATISTICS (NBS)**  
• Demographic Statistics Bulletin 2020

**Wednesday, 23 JUNE 2021**  
• Nigerian Ports Statistics:  
2020 Wednesday

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• No Fillers, Just Deep Analysis, Insight and Market Moving News

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COMPANIES & MARKETS

NSE INDICES (WEEKLY)		BONDS/FORWARD		BDC Exchange Rates			COMMODITIES		Bitcoin (BTC)
All share	NSE 30	FGN	FX (\$/N)	\$ - NGN	Buy	Sell	BRENT (ICE)	GOLD Spot	
38,648.91	1,599.22	23-JUL - 30	25- MAY -22	£ - NGN	475	490	73.51	1,764.16	\$36,200
1.30%	0.29%	12.51	436.48	€ - NGN	680	715	USD/bbl	USD/t.oz	N18.17 M
					580	603	0.82	127.43	



Analysts recommend Buy ratings on GTBank ahead Holdco structure

BALA AUGIE

The train is leaving the terminal and whoever has not bought a ticket could be left behind and miss out on a fantastic vogue.

Investors will be shooting themselves in the foot and gnashing their teeth if they do not have Guaranty Trust Bank's shares in their portfolio; this is because the Holding Company Structure as proposed by the lender is expected to add impetus to earnings.

To diversify its revenue base and remain competitive

in the light of the current regulatory environment and market dynamics, GTBank has decided to adopt a model that will comprise commercial banking, payment services, and pension fund assets.

Analysts at Chapel Hill Denham said in a latest report to clients that the low Nigerian pension Asset Under Management (AUM) as a relative to the GDP compared to African peers is positive for the Holdco structure.

They added that Nigeria's youthful population and the recent introduction of transfer

windows in the pension industry are tailwinds for profitability.

The bank can also leverage on its existing infrastructure and client base to bolster earnings in the payment service and asset management segments, according to analysts.

The recent apathy for equities that depressed the shares of bellwether companies is a blessing in disguise for GTBank as its share price trades below fundamentals, making it cheap and attractive.

It has a price to earnings ratio of 4.89 times, and it has a high dividend yield and

analysts expect a high payout at the end of 2021.

Analysts at Chapel Hill have reiterated their BUY rating on GTBank and raised their target price (TP) by 8.9 percent to N46.89, implying a total return of 73 percent (FY-21E dividend yield: 11.4%).

GTB trades on a FY-21E P/B of 0.91x and ROAE of 24.5 percent. The share price is down 10.66 percent YTD.

"We see the current market price as an attractive re-entry point. Based on our assumptions, we arrived at a cost of equity of 18.96 percent," said the analysts.

Nigerian banks have been hard hit by the central bank strident regulations that are shrinking revenue and the coronavirus pandemic added to a new layer of concerns as the virus ballooned impairment charges on financial assets.

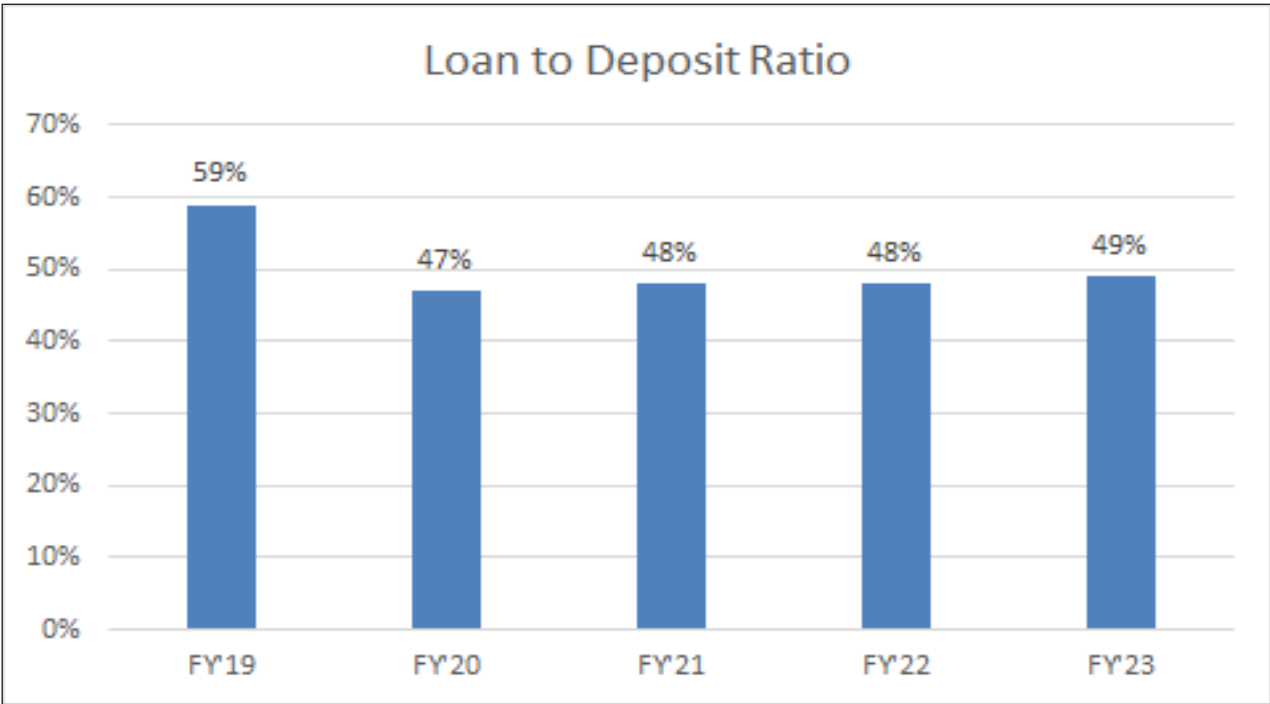
The regulator, in a bid to spur lending to the real sector, hiked the minimum loans to deposit ratio to 65 percent. But forcing lenders to extend credit to risky assets could lead to deteriorating asset quality.

Also, the decision by the central bank to bar individuals and corporates from its

Open Market Operations (OMO) dealt a great blow to banks that rely on juicy yield to magnify profit.

Incessant demand to banks account for missing on cash reserve ratio (CRR) by the regulator is a torn in the flesh for operators in the industry.

Despite these monumental challenges, Analysts at Chapel Hill Denham forecast a 7.2 percent rise in earnings per share (EPS) to N7.34 in as at the end of the year (FY-21E) following higher net interest income and higher non-interest revenue.



TECHNOLOGY

Huawei launches range of new products powered by HarmonyOS 2

MELODY ST. CLAIRE OGEAWUCHI

Huawei launched a range of smartphones, smart watches, and tablets powered by its new HarmonyOS 2 operating system today, including a new version of the HUAWEI Mate 40 Series and HUAWEI Mate X2, the HUAWEI WATCH 3 Series, and the HUAWEI MatePad Pro.

Huawei also released the HUAWEI FreeBuds 4, its next-generation open-fit Active Noise Cancellation (ANC) wireless Bluetooth earbuds, and two high-end monitors,

the HUAWEI MateView and the HUAWEI MateView GT.

The company took this opportunity to announce that roughly 100 other Huawei devices – including both smartphones and tablets – will be upgraded to run on HarmonyOS 2, giving consumers access to a seamless intelligent experience across multiple devices in all different types of scenarios.

There are more smart devices in our lives than ever, but the experience they provide often isn't smart. Siloed systems tend to complicate

interconnectivity and operations, which have ultimately led to a fragmented user experience.

HarmonyOS is designed to address this problem. As a next-generation operating system for smart devices, HarmonyOS provides a common language for different kinds of devices to connect and collaborate, providing users with a more convenient, smooth, and secure experience.

It uses distributed technology to meet the varied needs of all types of different devices with a single system,

enabling flexible deployment as needed.

HarmonyOS also combines previously independent devices into a cohesive and holistic Super Device that integrates all hardware and resources to freely leverage the capabilities of its component devices based on the user's real-time needs.

For developers, HarmonyOS allows cross-platform development and cross-device deployment of apps, making the development of apps across devices easier than ever before.

CSR

Tony Elumelu foundation trains over 200,000 African entrepreneurs ... across 54 African countries

SEUN PETERS

Tony Elumelu Foundation (TEF), Africa's leading philanthropy empowering young African entrepreneurs from all 54 African countries, has successfully trained over 200,000 entrepreneurs in core business management skills as part of its 2021 TEF Entrepreneurship Programme.

The Business Management training was conducted exclusively on TEFConnect, the Foundation's proprietary digital platform that provides capacity-building support, advisory and market linkages to over 1 Million Africans and counting.

The TEF Entrepreneurship Programme Business Management Training equips entrepreneurs with critical skills required to launch and run their businesses at the early growth stage. With a unique curriculum that encompasses topics on Starting Your Business, Business Management & Fundamentals, Leadership & Business Growth, Selecting and Building a Team, amongst others, entrepreneurs are effectively armed to achieve business growth, profitability, and sustained success.

Entrepreneurs were hosted to weekly information sessions, as part of the training,

to address relevant concerns and share vital programme updates. All entrepreneurs received active support from coaches and mentors who provided technical guidance, counsel and one-one interaction throughout the duration of the training programme.

The training, which is one element of the 7 pillars of the TEF Entrepreneurship Programme, was carried out in the official African languages including English, French, Portuguese and Arabic, and over 40 percent of trained participants were women.

Commenting on this milestone, Ifeyinwa Ugochukwu, CEO of the Tony Elumelu Foundation, said "Every year, our commitment to transform Africa is further strengthened with the passion, resilience and talent of the high-calibre entrepreneurs who onboard our flagship programme. Our curricular provides a holistic opportunity for entrepreneurs to learn, grow and contribute to the development of their communities."

The Chief Executive Officer added: "Furthermore, it is a testament to the eagerness and readiness of African entrepreneurs across all of Africa to make themselves available to transform the continent for good.

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## COMPANIES

# Enterprise Value: Oando is worth N349.09bn now

BALA AUGIE

Oando Nigeria Plc, the second largest upstream oil and gas firm in the country, has an enterprise value of N349.09 billion.

That is the theoretical price an investor would pay to acquire the company, based on the market capitalization as at Friday.

Enterprise value (EV) is the market value of the equity plus net debt minus cash and cash equivalents, so unlike EPS it includes debt as well as equity in the valuation.

Many analysts also prefer the EV metrics because it cannot be easily manipulated like Price to earnings ratio. Price to earnings ratio relies on profit that can be manipulated by depreciations and exceptional items.

It is surprising that Oando has not released its 2020 audited financial statement and first quarter earnings season is gradually coming to an end as the markets await half year results.

Of course, the story of Oando is that of debt legacy as it has not recovered from the debt level built up through the 2014 acquisition of oil and gas assets from U.S. giant ConocoPhillips.

The vagaries of the crude oil market are the company's

greatest undoing, and crude oil prices crashed a few weeks after it bought the asset.

There was a moment of respite in 2017 when the price of the black gold rallied on the back of an aggressive output cut by Saudi Arabia and OPEC+.

The advent of the coronavirus pandemic undermined energy prices as countries were under lockdown while strict social distancing was observed.

In April 2020, the United States (US) oil prices turned negative for the first time on record after producers ran out of space to store the oversupply of crude left by the coronavirus crisis, triggering an historic market collapse which left oil traders reeling.

However, oil prices have been rallying since the start

of 2021, thanks to gradual re-opening of economies and the successful roll-out of vaccines.

Brent crude rose by 0.61 percent on Tuesday evening to close at \$74.44 per barrel, the American Western Texas Intermediate (WTI) rose by 0.65 percent to close at \$72.59 per barrel, the Bonny light crude rose by 0.83 percent to close at \$73.26 per barrel, while the OPEC basket rose by 0.95 percent to close at \$71.99 per barrel.

There are concerns that the dangerously unstable oil market and the shift towards greener energy could leave Oando on a crossroad, and the highly geared balance exposes it to bankruptcy since the cash flows are pressured.

The company's operating income cannot cover interest expense as interest coverage

ratio of 0.57 times, which is below the international benchmark of 1.50 times.

Interestingly, the oil and gas giant has reduced debt in its balance sheet as debt to equity ratio fell to 66.03 percent in September 2020 from 77.27 percent.

However, it has total debt (long and short term) of about N193.07 billion as at September 2020, and that is 9.83 percent lower than 2019's N214.14 billion.

A cursory examination of the financial statement of the company shows income tax credit the company has been enjoying for three years is responsible for it recording profit after tax; but such reliefs are exceptional items are one-off events and do not recur too often.

## Oando Plc's Financial Highlights

	2019	2018
Pre Tax loss (N'm)	-9,233	4,772
Finance Cost (N'm)	34,095	31,190
Total Debt (N'm)	193,078	291,510

Source: Company Financials; MC

## FINANCE

## DLM Capital Group retains position as Best Structured Finance & Securitization team in West Africa

MELODYST.CLAIRE OGEAWUCHI

Prominent Developmental investment bank, DLM Capital Group have emerged winner at the Capital Finance International (CFI) 2021 awards as the best structured finance and securitization team in West Africa.

This award has been won consecutively in three years and affirms the group's strong performance as a leading Investment Institution and Asset Manager. CFI awards seek to identify the contributions of individuals and organizations that contribute significantly to the advancement of econo-

mies and truly add value for all stakeholders.

DLM Capital Group creates bespoke business solutions for alternative financing and harnessing funds for growth. The group focuses on four key sectors — consumer credit, agriculture, microfinance, and education with a mandate to reduce poverty and improve living conditions for Africans, while mobilizing resources for the continent's economic and social development.

"In the past three years, our portfolio management team's performance has remained consistent, and our

clients have benefited immensely from exposure to our solutions, including the NMRC securitization deal and the DLM Primero BRT Securitization," said Head of Corporate Communications and Marketing, DLM Capital Group, Chinwendu Ohakpougwu.

"We are positioned to provide services to an expansive client base of retail, high net-worth and institutional customers. DLM Capital Group remains committed to constantly providing financial solutions that will enable our clients to make a difference, and we are honored to be

recognized once again as a reflection of the quality of support offered to our clients," she added.

DLM has won recognition in West African capital markets, acting as sole arranger to over 80 percent of structured finance transactions in Nigeria — and all the securitization transactions. It provides deal structuring, advisory execution and capital raising services across the Nigerian capital market.

The Institution recently launched an asset financing scheme and is preparing a venture into digital banking under its subsidiary, Sofri.

## TECHNOLOGY

## Insecurity: MTN Nigeria warns of service disruption

JESSICA MAURICE

MTN Nigeria, one of the country's biggest telecoms operators, has warned of a potential disruption in service due to rising insecurity.

The development comes against the backdrop of a worrisome wave of insecurity in Nigeria.

MTN had intimated its customers of the situation in a

message seen by MoneyCentral. Equally important, the development has seen MTN become the first company in Nigeria to acknowledge a possible disruption to its services due to the disturbing level of insecurity in the country.

"Sadly, we must inform you that with the rising insecurity in different parts of Nigeria; service delivery to your organization may be

impacted in the coming days.

"This means that in some cases, our technical support team may not be able to get to your site and achieve optimum turnaround time in fault management as quickly as possible," MTN had purportedly written to customers.

The development is bound to come as a source of concern to millions of Nigerians who number among MTN's cus-

tomers. The telco, a leading provider of telephony and data services, occupies a major share of the market.

MTN runs Nigeria's largest mobile phone network which generates around a third of the company's revenue. Also, Nigeria is MTN's most lucrative market out of the 22 countries the company operates in across Africa; Asia and the Middle East.

## INDUSTRY

## Dangote \$2 billion urea fertilizer plant pushes out 120 trucks everyday

SEUN PETERS

After months of speculation, Dangote Urea fertilizer is now finally on sale nationwide and it currently pushes out a minimum of 120 trucks per day across the country.

Group Executive Director, (Strategy, Capital Projects & Portfolio Development) - Dangote Industries Limited, Devakumar Edwin, revealed to the press over the weekend that the Plant which has the capacity to turn out more than 4,500 tonnes of urea per day will conveniently meet the local demand and even produce for exports.

According to him: "...We have the capacity to turn out 4,500 tonnes of Urea everyday...this is a bulk application fertilizer...each crop in Nigeria or globally will require Nitrogen and this is a rich fertilizer, having 46 per cent nitrogen... The company has the capacity to meet local demand and also export to African countries... Currently the demand is less than 1 million tonnes and we alone can produce 3 million tonnes, so we can easily meet local demand and also produce for export to other west African countries."

Aside from fertilizer production, the company, according to Edwin, is already working to support the farmers with training on application of the fertilizer and even establish laboratories across the country for proper soil examination.

"The uniqueness of this



plant, apart from the fact that we are producing is the focus on farmers' support, on training, education, development as we are now establishing laboratories across the country and even mobile laboratories where we can go drive around and take soil samples for proper examination to effectively grow the agricultural outputs across the country."

The Urea Fertilizer plant was built to tap into Nigeria's demand for fertilizer, a critical component of achieving food sufficiency for Africa's most populous country.

The Fertilizer plant is expected to manufacture 3 million metric tonnes of urea per annum, with a view to reducing the nation's fertilizer imports, and generating \$400m annual foreign exchange from export to Africa countries.

Meanwhile marketers and farmers in Kano have described the newly introduced Dangote Fertilizer as a game changer and a forecast for the expected agricultural revolution in the country.

Marketers and farmers who were apparently excited, over the weekend welcomed the more-than ten trucks that entered Kano markets at the weekend.

## HEALTH

## Advans Nigeria partners LUTH, celebrates World Blood Donor day

SEUN PETERS

To commemorate this year's World Blood Donor Day, staff of Advans Nigeria, including the MD/CEO Mr. Gaetan Debuchy participated in a Blood Donation Drive at their Head Office Annex in Lagos.

Initiated by the World Health Organization (WHO), World Blood Donor Day aims to raise global awareness of the need for safe transfusion of blood and blood products while celebrating the critical contributions made by voluntary, unpaid blood donors to national health systems.

This year's (2021) slogan, "Give blood and keep the world beating" reinforces the global call for more people all over the world to donate blood regularly and contribute to better health. Donating just one pint of blood can save more than one person's life, according to the American Red Cross.

Speaking at the event, Priscilla Iyari, Head of Marketing and Communications, who also oversees Corporate Social Responsibility and Sustainability at Advans Nigeria stated that "We put our clients first by creating innovative financial solutions to suit



underserved members of the society, helping them be more empowered economically.

However, apart from improving financial inclusion and fostering economic empowerment, this drive is one of the results of our vibrant employee engagement scheme and another way we put our community and society first. I mean, what is a greater gift than to give a part of yourself?"

For the 2021 World Blood Donors' Day Celebration, Advans Nigeria partnered with the Department of Haematology and Blood Transfusion, Lagos University Teaching Hospital (LUTH).

According to Prof (Mrs.) Adeyemo, the Supervising Consultant Haematologist to the Transfusion Unit, "I would like to acknowledge the generosity of the Advans LifeSource blood donors and thank them for their contribution to the Nigerian health sector."



## COMPANIES

# Custodian launches mandatory takeover offer to increase shareholding in UPDC

JESSICA MAURICE

Custodian investments, currently the majority shareholder in UPDC holding 51 percent of the total issued and paid-up capital of UPDC is launching a mandatory takeover offer to acquire up to

34,415,332 ordinary shares at N0.90 per share, representing 3.02 percent of the total minority shareholding of UPDC.

Custodian is offering to acquire shares from the minority shareholders of the Company, on a voluntary basis, provided

that Custodian shall not be required to acquire any shares in excess of such number of shares as would take Custodian's aggregate interest in UPDC up to a maximum of 51.1 percent of the issued and paid-up share capital of UPDC.

The Board of Directors

of UPDC in recommending the Offer to the shareholders, said:

"it considers the terms of the Offer to be fair and reasonable and that it presents a great opportunity for shareholders to realize liquidity at an attractive valuation."

## Custodian Investment Q1, 2021 Financial Trends



## DEALS

# Capital hotels Board agrees to sell 51% stake to 11 Plc ... at N7 per share

JESSICA MAURICE

At the Emergency Meeting of the Board of Directors of Capital Hotels Plc held on 14th June 2021 to consider the offer by 11 Plc to purchase 51 percent stake in Capital Hotels Plc, the Board agreed to partner with 11 Plc to offer the right competition in the Abuja hospitality market,

and resolved to sell 51 percent stake in Capital Hotels Plc to 11 Plc.

The deal is to be done at the price of N7.00 per share subject to Hans Gremlin Nig Ltd (the Core shareholder) being given the opportunity to exit 50 percent of its stake in Capital Hotels Plc at the same price, and on such other

terms and conditions as the Directors may deem fit subject to obtaining the approval of the Regulatory Authorities.

The Board also agreed that in order to balance the interest of Capital Hotels Plc (the Company), Hans Gremlin Nig Ltd (the Core shareholder) and 11 Plc (the Investor), the transac-

tion could be structured with offer for sale and offer for subscription subject to obtaining approval required from the Regulatory Authorities.

The Board further agreed that if the new investor accepts the conditions herein stated, an Extraordinary General Meeting would be convened to get the approval of the Shareholders for this transaction.

## DEALS

# Ardova acquires 100% of Enyo's retail outlets

MELODYSTCLAIRE OGEAWUCHI

Ardova Plc, an indigenous energy company, says it has acquired a 100 percent equity stake in Enyo Retail and Supply Holding in a share purchase agreement.

A share purchase agreement is an agreement or the sale and purchase of a stated number of shares at an agreed price.

Oladeinde Nelson-Cole, Ardova's company secretary, made this known in a corporate filing on the Nigerian stock exchange group limited on Tuesday.

The company notified its shareholders that the transaction is a share purchase agreement by both parties without stating further details.

"This announcement follows the execution of a share purchase agreement by the parties," Ardova said in a statement.

"The parties are com-

mitted to closing the transaction, in accordance with the share purchase agreement, as soon as agreed closing conditions are satisfied, and regulatory approval is received."

In January, the company said it would retain Enyo branded stations after the deal and operate side by side with the AP brand.

The company said Stanbic IBTC Capital Limited and Banwo & Ighodalo acted as financial and legal advisers respectively to AP, while Rand Merchant Bank and Herbert Smith Freehills Paris LLP acted as financial and legal advisers to Enyo and certain of its shareholders.

Enyo currently operates over 90 stations across Nigeria attending to over 100,000 retail customers daily across 15 states of the country, according to information released by the company.

## BONDS

# Lafarge Africa redeems N33.6bn series 2 bond

JESSICA MAURICE

Lafarge Africa Plc has announced the redemption of its matured N33.6 Billion Bond due on June 15, 2021.

The Company registered a N100 Billion Bond issuance programme in June 2016, out of which the sum of N60 Billion was issued in Series 1 and 2 of the programme.

The matured Series 1 Bond was issued on June 10, 2016 with a 3-year tenor and at a fixed coupon of 14.25%, which has been repaid, while the matured

Series 2 Bond issued on June 15, 2016 with a 5-year tenor at a fixed tenor of 14.75% has now been repaid.

The Company leveraging on its performance and its recently concluded Management strategic plans to systematically deleverage the Company, has redeemed the Series 2 Bond from internally generated cashflow.

In view of this, the Company has no outstanding issued Bond under the N100 Billion Bond issuance Programme.

## BANKING

# Advans La fayette Microfinance Bank launches cashless centres in Offa, Iseyin

SEUN PETERS

In a bid to create more efficient and agile branches, which are closer to the financially excluded members of the society, Advans Nigeria has launched 2 new cashless centres in Offa, Kwara state, and Iseyin, Oyo state.

These 2 new agile branches bring the number of Advans cashless centres serving hundreds of financially underserved in Nigeria to 3, and a total of 17 branches.

According to the MD/CEO, Gaetan Debuchy, "the expansion is one of the company's in-

novative approaches to providing seamless, affordable and transparent financial services to micro, small and medium scale enterprises in the nooks and crannies of Nigeria.

"It will help us as a Bank to make more impact with less resources so as not to increase the cost of service to clients."

He added that Advans is a model microfinance institution that has continued to promote private sector-led economic and social development in Nigeria, and 9 other countries.

Speaking on the decision of where these cashless



branches are situated, the Chief of Business & Strategy, Elvis Oheneba quipped that factors like proximity to small

businesses, and convenience for individuals and business owners, were put into consideration adding that, "we

intend to increase the number of cashless branches from 3 to 6 by the end of the year 2021."

The DCEO, who also oversees the business activities for the Bank network across Nigeria, Jean-Luc Nzoubou, explained that 'a cashless centre' can do everything a full branch can do.

Customers can apply for loans, open savings and current accounts, get access to business advisory, and also carry out other transactions without having to travel long distances.

'Furthermore, the cashless centres will also provide

an extensive array of other products and services and wealth management services which underscores the Bank's mission to provide client-centric financial services to under-served populations in a sustainable and responsible manner,' Nzoubou said.

## About Advans Nigeria

Advans Nigeria is a member of the Advans group, providing innovative financial solutions to over 1.1 million clients in 9 countries, and offering a complete range of financial services that have helped to build over 5 million small businesses.



## ANALYSIS

## INSURANCE HUB

Reports prepared by MoneyCentral Analyst team led by Bala Augie

# Life segment contributes 67.60 % to Industry premium income in 2020

The Life Insurance segment remains the lifeblood of the industry, with a share of total gross premium written at 67.60 percent, according to a latest report by Afrinvest Securities Limited.

The four largest life insurers-AIICO, Custodian, LASACO, and Mansard- collectively grew premiums by 16.13 percent to N87.13 billion, according to the research body.

Notably, the growth or grandiose performance was largely driven by benign regulations and low mortality from the coronavirus pandemic amid a surge in change in annuity life fund.

While the major players in the industry recorded minute losses in the aftershock of the virus, insurers in the European, United States, and Asian recorded high death rates.

"As one of the policies mandated by law, the life insurance segment continues to thrive on regulation as well as the option to purchase life annuity policies with pension proceeds granted by both PenCom and NAICOM," said analysts at Afrinvest Securities.

"The low death toll rate from the pandemic has been a posi-

tive for this sub-group compared with peers globally, where death toll has significantly resulted in huge claims payout. weak retention capacity of the Nigerian insurers would see more premiums ceded to reinsurers both home and abroad," said the analysts.

The largest 17 largest insurer collectively grew gross premium

income by 17.33 percent to N327.39 billion in December 2020 from N279.01 billion as at December 2019, according data gathered by MoneyCentral.

Combined net premium income followed the same trajectory as it spiked by 14.84 percent to N205.48 billion in December 2020 from N178 billion the previous year.

The life insurers suffered huge underwriting losses on the back of acceleration in change in annuity fund, but investment income and foreign exchange gains propelled them to the path of profitability.

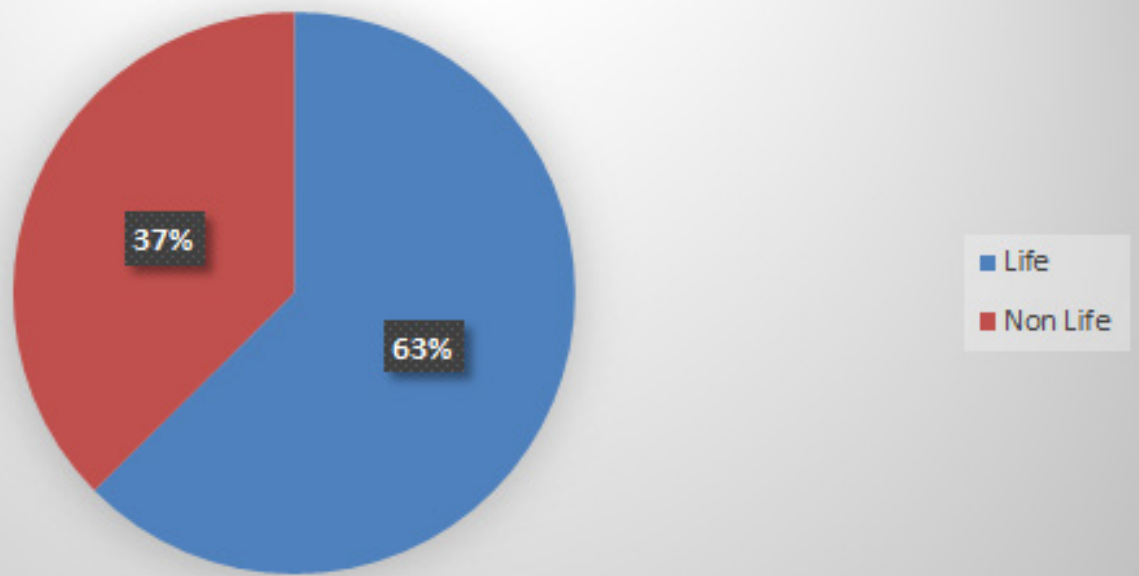
Despite the pandemic that elicited a sit at home order by the government, Motor Insurance increased by 12.10 percent

to N13.80 billion as at December 2020.

There is room for improvement in this segment if more Nigerians adhere to mandatory third-party insurance policy.

Data from the Nigerian Insurers Association and the National Bureau of Statistics shows that only about 21.5 percent of vehicles in Nigeria are insured.

Industry Gross Premium Written by Segment



## N4.71 bn fair value loss on asset squeezes Mutual Benefit Assurance

Mutual Benefit Assurance Plc posted a huge net loss to start the year even as it maintained operating efficiency, not thanks to net fair value loss on assets.

For the first three months through March 2021, Mutual Benefit Assurance posted a loss after tax of N1.94 billion from a profit of N931.79 million the previous year.

The loss was largely driven by N4.61 net fair value loss on assets, which is a 950.12 percent surge from 2019's N449.78 million.

The good tidings are that such transactions are one off events and do not recur at all times.

Fair value refers to the actual value of an asset – a product, stock, or security – that is agreed upon by both the seller and the buyer. Fair value is applicable to a product that is sold or traded in the market where it belongs or under normal conditions – and not to one that is being liquidated.

Mutual Benefit Assurance is profitable from the underwrit-

ing point of view, which many analysts and investors are more concerned about. Investors see a company that generates more revenue than it spends on expense as being financially stable and resilient.

Interestingly, the insurer's combined ratio improved to 71.10 percent in March 2021 from 86.81 percent the previous year, according to MoneyCentral calculations.

The combined ratio measures the money flowing out of an in-

surance company in the form of dividends, expenses, and losses. Losses indicate the insurer's discipline in underwriting policies.

The combined ratio is typically expressed as a percentage. A ratio below 100 percent indicates that the company is making an underwriting profit, while a ratio above 100 percent means that it is paying out more money in claims that it is receiving from premiums.

Mutual Benefit posted N3.16 billion in underwriting profit

in 2021, which is 23.92 percent higher than 2020's N2.55 billion.

In 2020, the company secured the approval of shareholders to raise N4.80 billion by way of private placement to help mitigate the effect of the coronavirus pandemic and shore up capital in readiness for the recapitalization deadline by the regulator.

The coronavirus pandemic that tipped the country into its second recession in 5 years in 2020 slowed the pace of growth for the insurance industry, add-

ing to another layer of myriad of challenges bedeviling an industry with one of the lowest penetrations in sub-Saharan-Africa.

Insurers hammered by the pandemic are turning to capital raisings to underpin their balance sheet as they race to see who will emerge strongest when the outbreak subsides.

In the last two years, the biggest insurers in Africa's largest economy have approached their shareholders with plans to raise a combined N28.15 billion by way of rights issue, according to data gathered by MoneyCentral.

Further analysis of Mutual Benefit's financial statement shows gross premium income increased by 37.76 percent to N7.04 billion in March 2021 from N5.11 billion the previous year.

Net premium income was up 27.09 percent to N5.45 billion in March 2021 as against N4.28 billion the previous year.

The insurer paid N1.35 billion claims in 2020, which is 70.69 percent higher than 2020's N791.85 million the previous year.

Linkage Assurance Plc: Q1 Financial Highlights

	2021	2020	%Change
Gross Premium Income (N'm)	2,255	1,820	23.90%
Net Premium Income (N'm)	1,238	896	38.17%
Underwriting Loss (N'm)	-480	-41	1070.73%
Claims Ratio (%)	86.38%	47.66%	81.25%
Combined Ratio (%)	198.04%	175.08%	13.11%

Source: Company Financials; MC



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## ENERGY

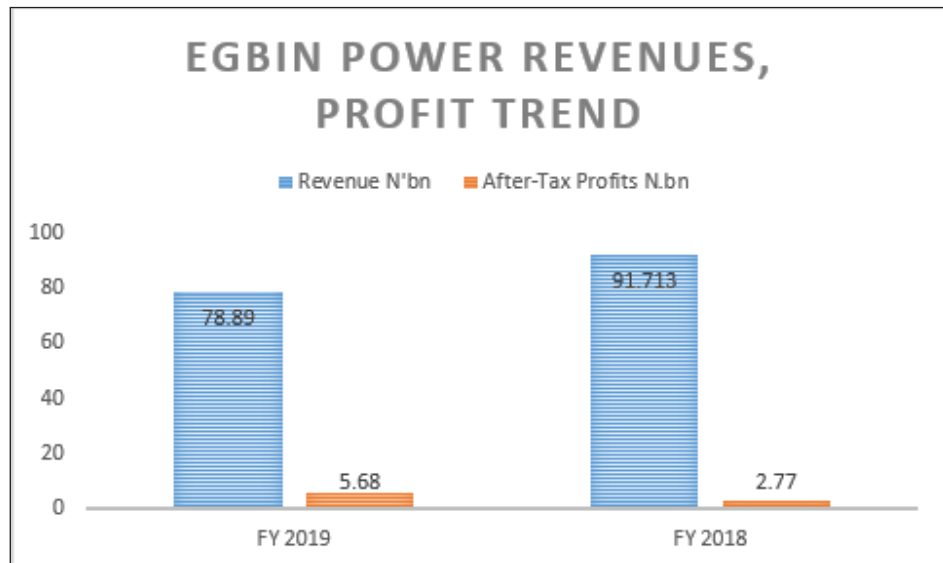
# Egbin power seeks \$1.8 billion to expand output

Nigeria's Egbin Power Plc, the biggest in Africa's largest economy, plans to raise \$1.8 billion to more than double generation capacity as it seeks to boost output and export electricity to West African countries.

It is looking at a combination of debt and equity to meet the funding requirements ahead of the start of construction work in the second quarter of next year, according to the company.

"The plan is to raise the fund to be available to kick off," it told Bloomberg, without giving more details as the funding arrangements are being firmed up.

Egbin Power Plc, owned by Sahara Group, plans to build the second phase of its 1,320-megawatt power plant



by installing "high efficiency gas combined cycle power plants," that will produce an

additional 1,754 megawatts of electricity. The first phase of the expansion project will

begin with the construction of open-cycle turbines next year and will be completed with a

closed cycle by 2025, it said.

The company acquired the power plant in 2013 when the government disposed of state-owned electricity generation and distribution assets to the private sector to make them efficient and help curb blackouts. It hit the generation peak of 970 megawatts on the asset this year helped by an increase in gas supply.

Africa's largest economy has 13,000 megawatts of installed electricity-production capacity, with only about 4,500 megawatts dispatched to the grid daily, in part because of dilapidated transmission infrastructure. The government's privatization agency is now proposing to sell the transmission network in a bid to attract the investment needed to improve its

capacity.

The government of President Muhammadu Buhari is targeting improved electricity supply as a priority for the West African nation, where poor maintenance and a lack of investment has left the population of about 200 million chronically under-served.

Besides boosting local supply, Egbin plans to sell power to neighboring countries through the West Africa Power Pool, a specialized institution of the Economic Community of West African States established to create a common electricity market for the region, the company said. "We would have a state-of-the-art facility that is generating clean energy sustainably and paving the way for seamless energy transition in Nigeria and beyond."

## POLICY

## NDDC has failed, not living up to its responsibilities, Obaseki insists

SEUN PETERS

The Edo State Governor, Mr. Godwin Obaseki, has restated that the Niger Delta Development Commission (NDDC) is not living up to its responsibility of ensuring infrastructural development in the Niger Delta and raising the standard of living of the people.

Obaseki said this on Thursday when he received the Odiowere and elders of Ugha Quarters of Urhonigbe Town in Orhionmwon Local Government Area, who were on a courtesy visit at the Government House, Benin City.

The governor, represented by his Chief of Staff, Hon. Osaigbovo Iyoha, reassured that his government will sustain ongoing infrastructure projects across the state to boost economic activities and improve the lives of the people.

He said: "We are aware and know that the road has been awarded by NDDC. We make sure that we don't duplicate efforts. NDDC has not been forthcoming with contracts that have been awarded at that level."

"In a normal system, if the NDDC has lived up to their responsibility and done the right thing, the government will not need to do the same project. We don't duplicate work;



Odiowere of Urhonigbe Town, Chief Micheal Egharevba (right) and Representative of the Edo State Governor and Chief of Staff to the Governor, Hon. Osaigbovo Iyoha (left), when the governor received the Odiowere and elders of Ugha Quarters of Urhonigbe Town, at the Government House, Benin City.

it amounts to a waste of funds."

"NDDC left the road in a worse shape than it was before the construction started. It is not an excuse to allow the people suffer, following the failure of an agency to perform their statutory responsibility," he added.

Obaseki continued: "As soon as possible, we would send government agencies to check the immediate state of the road and report back. We will do something quick for our people at Urhonigbe because we know that our people are predominantly farmers."

"We would deploy officials from the Ministry of Infrastructure to examine the state of the road to enable us to provide palliative measures before providing a permanent solution to the road. As an administration, we will do our best to ensure that the people of the community feel the impact of the government."

Appreciating the people of Ugha Quarters for the support before, during and after the governorship election in the state, the governor noted: "I appreciate you for your support and prayers before, dur-

ing and after the election, as well as your support throughout the time in the courts."

"The last election proved to us that you trust this administration and I want to assure you that the confidence reposed in us will not be betrayed. We will deliver the dividends of democracy to the people of the State, including Ugha Quarters in Urhonigbe."

"As a candidate, I visited the 192 wards of Edo State and know what the people want; I am prepared to ensure that we improve the standard of living of

our people."

Earlier, the Odiowere of Ugha Quarters, Michael Egharevba, whose speech was read by the Secretary, Michael Omorotionmwan,

congratulated the governor and his deputy on their victory in the September 2020 governorship election and the subsequent successes at the courts.

## Saudis warn oil price surge could follow reduced global crude exploration

JESSICA MAURICE

A new supercycle in global oil prices could be triggered by a lack of new investments in exploration, Saudi Arabia's energy minister said.

Prince Abdulaziz bin Salman, who's been warning speculators of the hazards of bearish bets, told the Robin Hood Investors Conference last week that his job is to prevent such a supercycle, according to people familiar with his comments.

The comments mark an attempt by Prince Abdulaziz to reach out directly to Wall Street, speaking to an audience of hedge funds in rare move for a Saudi royal. Previous oil ministers tended toward closed-door discussions with influential market voices such as commodity hedge funds.

"I think it's my job, and others' jobs, to make sure this super-cycle doesn't happen," the prince said.

He also warned that there is a risk of a supercycle due to "lack of investing."

After back-to-back oil busts, some national oil producers and international exploration companies have scaled back drilling budgets to conserve cash and avoid a new supply glut.

The prince is among those who worry the reductions may have gone too far and lead to a tightening of crude supplies as demand rebounds.

International crude futures have surged 43 percent so far this year, on track for the strongest annual performance in half a decade as economies emerge from pandemic lockdowns and major exporters exercised restraint in lifting oil output.

Benchmark Brent futures rose as much as 1 percent to almost \$75 a barrel on Wednesday, the highest price since April 2019.



INTERNATIONAL

# Ebrahim Raisi poised to win Iran's presidential election

Preliminary tallies by the interior ministry showed that Raisi received nearly 18 million votes out of 28 million total ballots cast, according to the semi official Fars news agency.

His nearest rival, Mohsen Rezaei, received 3 million votes. Iran has roughly 64 million eligible voters, including citizens overseas. Deputy interior minister Jamal Orf said 90 percent of votes had been tallied so far.

Official results were expected to be released later. Raisi's win, if confirmed, solidified control by Iran's hard-liners over all of the country's ruling institutions, including the executive branch.

Raisi, 60, a fixture of Iran's conservative establishment and an acolyte of Supreme Leader Ayatollah Ali Khamenei, currently serves as chief



of the judiciary. Human rights groups have linked Raisi to episodes of repression over decades and said he played a central role in mass killings of dissidents in the late 1980s.

He will replace President Hassan Rouhani, a relative moderate whose government signed the 2015

nuclear accord with the U.S. and other world powers, and later, was subjected to the Trump administration's "maximum pressure campaign" aimed at crippling Iran's economy using sanctions and other measures. Trump withdrew the U.S. from the nuclear accord in 2018.

## White House denies pausing military aid package to Ukraine

The White House on Friday denied holding back security assistance from Ukraine hours after a Politico article said that officials had paused a package including lethal assistance worth up to \$100 million.

White House press secretary Jen Psaki issued a statement Friday afternoon calling the idea that the White House has held back security assistance to Ukraine "nonsense."

Psaki cited a \$150 million aid package announced by the Defense Department last week and pointed to President Biden's public support for Ukraine in the face of Russian aggression ahead of his summit with Russian President Vladimir Putin on Wednesday.

"We have now provided the entire amount appropriated by Congress through the Ukraine security assistance initiative," Psaki said.

"We have also prepared contingency funds in the event of a further Russian incursion into Ukraine. As President Biden told President Putin directly, we will stand unwavering in support



for Ukraine's sovereignty and territorial integrity."

Politico, citing four anonymous sources, reported on Friday that the White House temporarily froze a military assistance package to Ukraine that was meant as a response to Russian troop buildup on the border with Ukraine earlier this year.

The package was reportedly put together but halted when Russia said it would draw down troops on the border with Ukraine, the report said.

The decision by the Biden administration to halt the package was first reported by The Washington Post earlier this

week, but Politico's report included further details, including saying that the National Security Council was the source of the decision to halt the funds.

The article was met with criticism from several Republicans, some of whom equated it to the Trump administration's freezing some \$400 million in military aid to Ukraine in 2019. Trump was impeached that same year on a charge he abused his power by withholding the assistance to try to force Ukraine to investigate then-candidate Biden and his son Hunter Biden's dealings in Ukraine.

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G A S

Out of Cooking Gas?

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## NATIONAL

## Deals: Heirs can buy these 4...

Continued from page 1

consolidation 2005 will be replicated soon.

The market had anticipated the recapitalization exercise launched by the Nigerian Insurance Association (NAICOM) in 2019 would accelerate mergers and acquisitions, but the outbreak of the coronavirus pandemic that forced the government to impose lockdown measures significantly halted deals in 2020.

The initial deadline for recapitalization was set as June 2020 and NAICOM had approved the recapitalization plans of about 44 insurers (of which 6 were Mergers and Acquisitions) as at August 2019 while rejecting 6 companies' plans and placing 2 others under review.

There have not been any major deals in 2021 even as the government is gradually reopening the economy on the expectation of roll-out of vaccination.

However, companies were raising capital via rights issues to strengthen their capital with a view to meeting the recapitalization guideline by the regulator.

In the last two years, the biggest insurers in Africa's largest economy have approached their shareholders with plans to raise a combined N28.15 billion by way of rights issue, according to data gathered by MoneyCentral.

The industry now consists of 58 insurers; 13 composite insurers, 31 general insurers and 16 life insurance companies after NAICOM cancelled UNIC Insurance plc operational license in April 2021 due to solvency and poor operational performance.

### Here are some companies up for grabs STACO INSURANCE PLC

Staco insurance Plc has not released its financial statement on the bourse since 2018, and the company is technically insolvent.

For instance, it has accumulated losses of N182.43 million as at September 2018, which means it has been recording net losses for the most part of its existence; perhaps more worrisome is a negative shareholders' fund of N182.43 million, a harbinger of technical insolvency.

Staco Insurance is op-

erational inefficient as it is paying out in claims more than it is earning in revenue, which beckons on its owners to look inwards and introduce products that are market friendly.

The combined ratio has broken the scale, exceeding the 100 percent threshold. The ratio deteriorated to 119.16 percent in September 2018 from N105.74 billion the previous year.

Staco Insurance is notorious for breaching regulatory rules as it was suspended in 2018 for failure to file a corporate account as at when due, but it has not even filed one since

then.

### GUINEA INSURANCE PLC

The going concern status of Guinea Insurance is under jeopardy, and something urgent has to be done by management and board of directors to salvage it from going bust.

Its combined ratio stood at 145.10 percent as at March 2021, while management expenses of N166.62 million is 84.13 percent of net premium of N198.11 million.

It has accumulated losses of N1.97 billion in the period under review.

### NIGER INSURANCE

Niger Insurance Plc earnings have always been swallowed by claims and management expenses that have eroded profitability. It has little time to clean its books before the deadline of recapitalization having accumulated losses of N7.79 billion as at December 2020.

It incurred N1.56 billion in claims, which is 1.71 times net premium income of N914.92 billion; similarly, management expenses are 1.43 times revenue.

The insurer is one of the oldest in Nigeria, but it is living on past glories as the new generation companies have a better risk manage-

ment strategy and they are able to deploy resources in acquiring the latest technology that helps in bolstering cost optimization.

### INTERNATIONAL ENERGY PIC

International Energy had obtained approval from Nigerian Insurance Commission (NAICOM) to engage the proposed buyer in a bid to meet the recapitalization guide line.

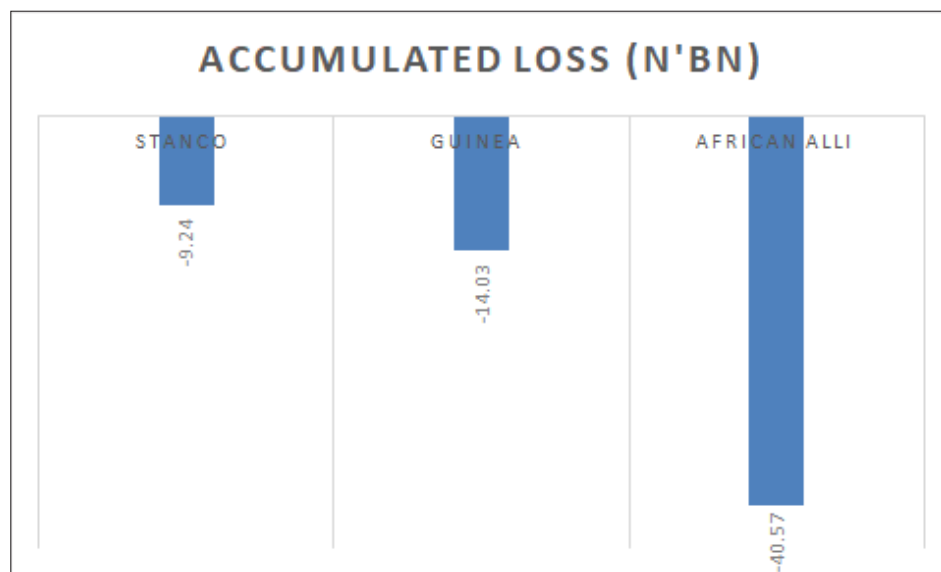
This is undoubtedly a smart move by the owners of the beleaguered company that is at the cusp.

It is not surprising that the owners threw in the towel as they have come to the realization that the company needs fresh capital injection to wipe-out the losses.

The insurer is reeling from recurring losses as it has negative retained earnings of N40.52 billion as of September 2020 in its capital structure.

It is not surprising that the insurer's total liabilities of N57.80 billion exceeds the total asset of N40.91 billion, which resulted in negative retained earnings of N13.86 billion, according to MoneyCentral calculations.

Despite N6 billion realized from investment income, the company posted a loss after tax of N3.20 billion.



## There are only six big insurers...

Continued from page 1

term government securities.

Perhaps more interesting is the recapitalization deadline by the regulator. Yet a lot of players in the industry have not met the deadline and there are no positive signs that they will. This is because their capital is deteriorating, which means they could be bought out by the well capitalized companies.

There are indications that more banks are going to adopt the Holding Company (Holco) structure that will pave the way for them to buy insurance companies.

### LEADWAY Assurance is the most Solvent and has the largest asset

LEADWAY Assurance is most capitalized relative to risk taken in Nigeria, which means it has the ability to meet its debt obligations and other financial commitments.

The insurer shrugged off the fear that the Covid-19 crisis as its solvency margin stood at 987 percent in December 2020, and that compares with AIICO Insurance, 351 percent; NEM Insurance, 412 percent, AXA Mansard, (454.50 percent), and Consolidated Hallmark, (238.60 percent).

LEADWAY Assurance has a total asset of N525.43 billion as at December 2020, which is the largest among peers.

### AIICO Insurance is largest by premium income

AIICO Insurance is the largest company by gross premium income in Africa's largest economy, which validates its market penetrating products.

There were increases along the life and non-life segment, and there are expected that revenue will increase in 2021 on the back of rebound in economic activities.

The insurer posted gross premium income of N60.70 billion as at December 2020, and that compares with Custodian Investment, (N58.14 billion); FBN Insurance, (N47.08 billion); AXA Mansard Insurance, (N45.11 billion), and NEM Insurance, (N20.98 billion).

### FBN Insurance has the strongest ROE

FBN Insurance has delivered more returns to its shareholders than any insurer in the country. If the insurer were a listed entity, it would have an attractive valuation.

What this means is that FBN Insurance has utilized the resources of shareholders in generating higher profit.

It recorded return on equity of 41.55 percent as at December 2020, and that compares with AIICO, 19.51 percent; NEM Insurance 23.48 percent; Custodian Investment, 22.23 percent; Mutual Benefit, (18.73 percent); AXA Mansard, 12.70 percent.

### NEM Insurance has lowest combined ratio

NEM Insurance has the lowest combined ratio among peers, which means it's able to earn more in revenue than it pays out in claims. The lender's cost control mechanism helped bolster operational efficiency even amid inflationary pressures, incessant devaluation, and decrepit infrastructure.

Its stellar underwriting performance relative to peers is

desirable and the Company is now well-capitalized and poised for sustained growth.

Analysts at Afrinvest Securities are of the view that it is poised to continue to deliver strong numbers into the foreseeable future.

The company that has been paying steady dividends and sustaining underwriting profit is the toast of many investors who find its valuation attractive.

### Custodian Investment emerges as the most capitalized and profitable

Custodian Investment is the most capitalized insurer in Africa's largest economy.

It has market value of N34.99 billion as of 2:00 pm in Lagos, and that compares to AXA Mansard (N34.40 billion); AIICO, N22.53 billion; Consolidated Hallmark, N8.53 billion; NEM Insurance, N7.17 billion; Coronation Insurance, (N13.11 billion), and Mutual Benefit Assurance, 5.02 billion.

### AXA Mansard Maintains strong operating efficiency

Despite the tough operating and challenging environment, AXA Mansard's combined ratio of 99.98 percent was within the international benchmark as the insurer's return on equity is growing faster than total operating expenses.

The insurer's HMO business would continue to be the major driver of growth, thanks to increased awareness on health insurance benefits.

More importantly, the company is spending less on claims and expenses in generating premium income, and its attractive valuation is an opportunity to buy into the stock.

Claims expense ratio fell

to 62.86 percent in December 2020 from 66.53 percent the previous year; management expense ratio reduced to 25 percent in the period under review from 30.61 percent as at December 2019.

As the company is sufficiently capitalized and pious to meet the recapitalization deadline, it is expected the stellar operating performance will be maintained.

In their coverage universe, analysts at Afrinvest Securities see significant upside in Mansard. Their optimism stemmed from the insurers' strong risk management among composite insurers and the positive effect of the termination of the annuity funds on bottom line.

### Outlook for the industry

We expect the top line of these big six insurers to remain strong on the back of the roll out of vaccines and relation of social distancing.

Since the Life segment recorded lower mortality or death rates due to the coronavirus pandemic compared to global peers, they are expected to magnify earnings this year. Also, the general business will see growth on the back of compulsory third party insurance and good regulations capable of unlocking the potential in the sector.

There are indications that the Holdco structure adopted by banks will underpin mergers and acquisitions as there are too many weak insurers waiting to be taken over.

Recall that Heirs Holdings Group made an inroad into the insurance space with the launch of two firms: Heirs Insurance Limited, and Heirs Life.

## I am serving my people even without...

Continued from page 4

has ended up affecting our own state here, I think it's the first thing we need to look into. If I will score him for me he has started on security to put measures in place for a good environment for us to live peacefully then we can talk about development once there is security.

### It is said in some quarters that almost 99% of Nasarawa state youths are Jobless; what is your take on this?

I don't know where you got the statistics from, I don't know where you got 99% from but I will question that statistics. Ninety nine percent shows that almost every youth in Nasarawa state is unemployed. I know October last year they employed two thousand five hundred (2500) teachers that can be within one percent. What I am trying to say is that there are efforts. Understand something, this man wasn't part of the last administration, he came in and he is trying to get a grasp. Suddenly there are security issues around the country, solve the security first before you carry out anything he is making his strides on. With the structure of this country, if you

are unemployed in kogi state, you don't need a visa to come to Nasarawa state or Benue state, more so you find Nasarawa state conducive to stay aside from employment, which I think for us to be living peaceful, is a plus that anybody will want to move into Nasarawa state, therefore, if you have trunks of unemployment in Nasarawa state that doesn't mean Nasarawa indigenes are unemployed in that number so it also means there are very good things that are attracting unemployed people in Nasarawa state that will bring in people to earn a living in Nasarawa state. So describing unemployment. Isolating a state describing unemployment, especially a North central state as Nasarawa that houses the federal capital, seriously it's a very difficult thing to describe, is not something you want to leave it to the state alone. Because if we check unemployment in Nasarawa, it won't be attributed to the indigenes in Nasarawa state alone but you know there are consented efforts to ensure that in Nasarawa state there are improvements on get-

Continues on page 15



## MARKET EAR

# Drug makers profit margins soar on pandemic boost

JESSICA MAURICE

Drug makers in Africa's largest economy are generating and retaining money in their business as the coronavirus pandemic forced consumers to spend more on health and essential commodities.

That resulted in a sharp jump in profit margins, which indicates financial stability needed for shareholders to be rewarded for being risk takers.

The growth recorded in the industry stemmed majorly from the impact of the pandemic which forced a change in the lifestyle of people, thereby pushing consumers to spend more on drugs to keep them safe and healthy.

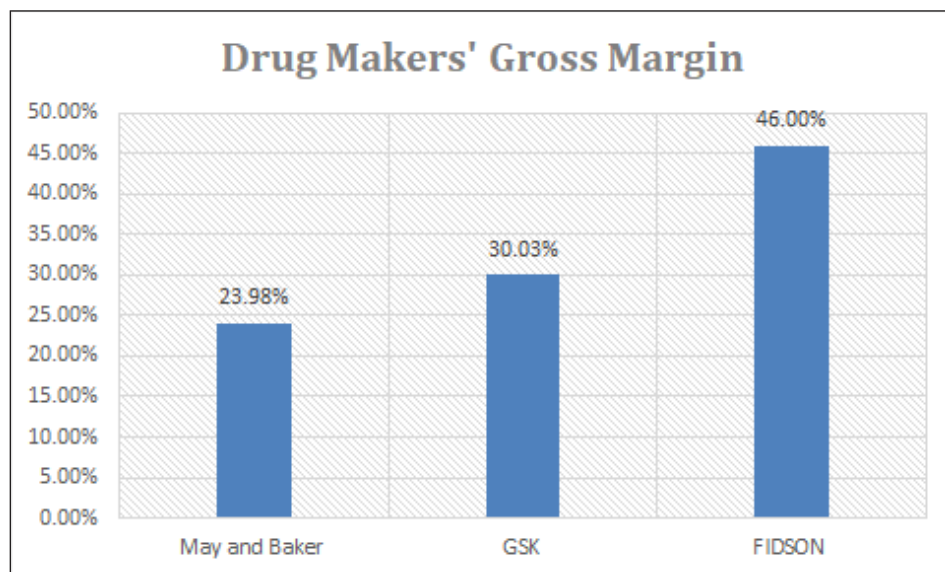
The average gross margin of the dominant players in the industry- Fidson HealthCare Plc, May and Baker Plc, and GlaxoSmithKline Nigeria increased to 39.13 percent in March 2021 from 33.33 percent in 2020, according to data gathered by MoneyCentral.

This is a key indicator of the strength of its manufacturing and product pricing. A high gross profit margin indicates that a company is successfully producing profit over and above its costs.

The drug makers are earning more per Naira of sales while returning higher returns to shareholders.

Their combined average net profit margins grew to 3.81 percent in March 2021 from 2.89 percent in 2020, 1.84 percent in 2019, and 1.58 percent in 2018, according to data gathered by MoneyCentral.

Each of the companies have magnified both sales and profit, which validates management and board of directors' focus market pen-



etration strategies that has enabled their firms surmount the macroeconomic headwinds.

Notably, the three firms saw cumulative net income surge by 91.04 percent to N588.86 million in March 2021 from N308.23 million the previous year.

The three firms collectively grew revenue by 18.11

percent to N12.48 billion in 2021 from N10.57 billion in 2020; sales increased by a mere 1.14 percent to N10.57 billion in 2020 from N10.42 billion in 2019; it was up 4.13 percent to N10.42 billion in 2019 from N10 billion in 2018; It was up 3.87 percent to N10 billion in 2018 from N9.63 billion in 2017; sales surged by 33.91 percent to N9.63

billion in 2017 from N7.19 billion in 2016.

Nigeria's drug-manufacturing companies have struggled to source raw materials and imported inputs because of a foreign-currency squeeze caused by the plunge in income from oil that was exacerbated by the advent of the coronavirus pandemic.

The majority of Nigerians

cannot afford drugs as inflationary pressures have eroded their purchasing power as the cost of healthcare continues to spiral up.

Healthcare cost, which is an inconspicuous driver of core inflation, rose by 15.8 percent year on year (y/y) and 1.1 percent month on month (m/m), according to the latest inflation figures released by the National Bureau of Statistics (NBS).

In the five years preceding May 2020, the Health care sub-index of the core inflation grew at an average rate of 10.0 percent. Following the Foreign Exchange (FX) concerns in 2020, healthcare cost has been on the rise.

The rise in the cost of pharmaceutical products, medical services, dental services, paramedical services, and hospital services have jointly accounted for the 15.8 percent (y/y) rise in health care cost in the last 12 months ending May 2021, according to analysts at CSL Stockbrokers Limited.

"In our view, cost, and

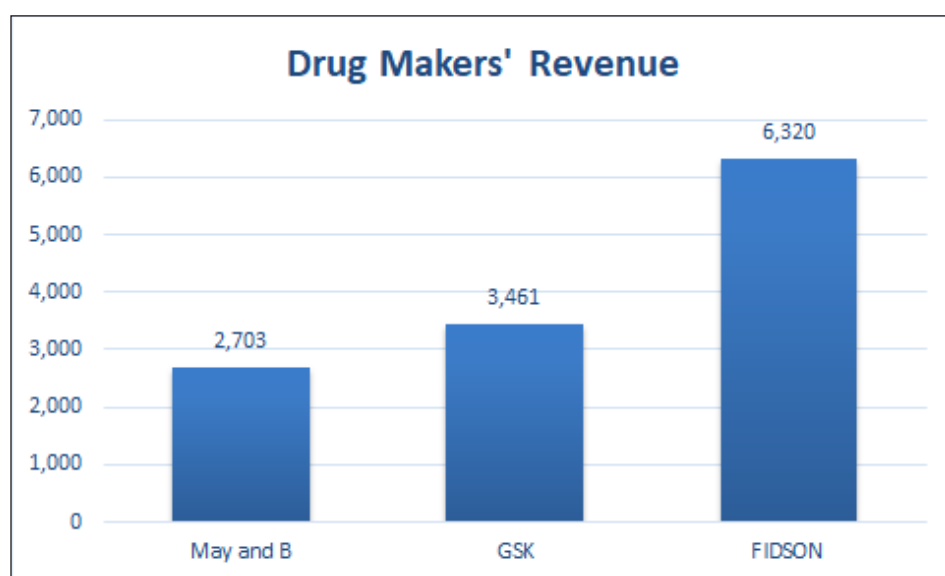
accessibility of healthcare services in Nigeria must be an area of focus for the government and we believe both public and private sector participation will be required," said the analysts.

The International Monetary Fund and the World Bank have urged the central bank to adopt a unified foreign exchange system that will spur economic growth and pave the way for businesses to thrive.

Fidson Healthcare has a price to earning ratio of 7.18 times and dividend yield of 4.90 percent; its share price closed at N5.10 as of 2:00 pm Lagos, valuing it at N10.64 billion.

May & Baker trades at N5.96 times earnings and dividend yield of 7.28 percent; its share price closed at N4.04 as of 2:00 pm in Lagos, valuing it at N6.97 billion.

GlaxoSmithKline has a price to earning ratio of 13.10 times with a dividend yield of 6.67 percent; The drug maker's share price closed at 2:00 pm, Friday, valuing it at N7.27 billion.



## MARKETS

### Guaranty Trust Bank Shares on full trading suspension

PATRICK ATUANYA

Trading in the shares of Guaranty Trust Bank Plc (the Bank) was suspended on, Friday, 18 June 2021.

The suspension was put in place to prevent trading in the shares of the Bank in preparation for the eventual delisting of Guaranty Trust Bank Plc from the Daily Official List

of the Nigerian Exchange Limited (NGX) and listing of the Holding Company, Guaranty Trust Holding Company Plc on NGX.

GTBank has put in place a process to transform into a Holding company which is gradually nearing completion.

The bank believes it can unlock shareholder value by such a transition.

## TRADE

### Lack Of Inter Agency regulations affecting international trade In Nigeria

... cost of credit affecting MSMEs

... Insecurity contributing to international trade roadblocks

ABDULWAHEED OLAYINKA ADUBI

The Director - General of Lagos Chamber of Commerce and Industries (LCCI), Muda Yusuf has disclosed that lack of inter-agency regulatory framework is affecting the implementation of international trade in the country.

Yusuf asserted this in Lagos during the 3rd Annual Lecture and Awards of the Primetime Reporters; with the theme: "Assessing Nigeria's Readiness to Maximize the Gains of AfCFTA."

In his remarks, he further said that some agencies operate as monopoly, affirming that the sector lacks dispute resolution mechanisms to tackle issues confronting the Industry.

While speaking, Yusuf listed cost-effective power supply, cost of credit (interest rates), expanding trade finance/micro credits and finance for Small and Medium Enterprises Development (MSME) as some of the problems faced by stakeholders.

He added that multiple taxations by government, high

level of insecurity, quality of trade infrastructure, long-standing problem of transshipment, piracy, smuggling, and other injurious trade practices by non-African trading partners also contribute to international trade roadblocks in the country.

He however, urged that African Continental Free Trade Act would be beneficial for SMEs in Nigeria, as it also comes with other benefits including developing infrastructure to support local production and export capacity.

### I am serving my people even without...

Continued from page 14

ting people off the street and the Governor is an industrialist and he knows what it means to engage in accordance of what we call generally as human capital. he knows what it means to the society. The human assets are the greatest assets any state will have, not even mineral resources, when you get the human capital you are towing to the right decision in a society. So for me let's live in peace in the society and then we will talk about doing something positive, I think he is doing that already and there are also some skills acquisition programs he has put in place and then he encour-

ages people to participate in it. Also, I am aware that this power generation station somewhere in Lafia, Akurba which was started by former Governor, distinguish senator Umaru Tanko Almakura, recently I read in the papers about his visitation to the place, that which we know is a catalyst to get people off the street once that is ready.

**Some Months ago, governors of the Southern region came together to discuss issues bordering them; Are you comfortable with that?**

It's not the first time we have governments in different regions discussing issues keen to their

interest, but the system of government in Nigeria is not a regional government style of governance, they have made their points as it affects them. But in the overall restructuring. I think we have an institution that will look into this, I think any region can come up with its own rhetoric and how they want it to be addressed. You are just expelling the anger in you, but insecurity and herdsmen, I don't want to attribute it to the south, it's happening in the north as well, every state can say one or two things about this menace but at the end of the day we must first agree to live as a country, we must all agree there is no perfection anywhere, we must sit down to discuss and resolve as human beings.



## THE BOTTOM LINE

# Dangote Sugar leads the pack as best consumer goods stock

BALA AUGIE

While consumer spending is expected to remain subdued on the back of macroeconomic headwinds, the margin of Dangote Sugar Refinery is expected to remain resilient as it is able to take much higher price increases than peers.

That means this stock should be added to the portfolio of savvy investors as the company has an attractive valuation, which means it can outperform the broad market this year.

Dangote Sugar Refinery (DSR) is a value stock, and the fact that it produces essential items gives it the leeway to ride out of an economic downturn.

A value stock refers to shares of a company that appears to trade at a lower price relative to its fundamentals, such as dividends, earnings, or sales, making it appealing to value investors.

A value stock is trading at levels that are perceived to be below its fundamentals.

The above is true about the largest producer of the sweetener in Africa's largest economy that has been delivering higher returns to its shareholders.

For instance, it is the highest paying dividend stock in the consumer goods industry.

Dangote Sugar has a dividend yield of 8.47 percent, and that compares with Flour Mills



Aliko Dangote

Nigeria (4.71 percent); Nigerian Breweries, (1.61 percent); Nestle, (4.32 percent), and Cadbury (2.21 percent).

The dividend yield, expressed as a percentage, is a financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price.

Its low price to earnings ratio reiterates the attractiveness of the stocks.

DSR trades at 7.26 times earnings, that compares with peer

rivals that are ridiculously overpriced. Nestle has a price to earnings ratio of (63.18 percent); Nigerian Breweries, (63.18 percent); Cadbury, (84.43 percent); Nascon Allied, (8.36 percent), and Honeywell, (16.46 percent).

Despite the coronavirus pandemic that tipped many countries into recession, the worsening Apapa gridlock and the insecurity challenges across the country, DSR has seen margins improved on the back of robust sales growth.

Sales spiked by 41.14 percent in the first three months of March 2021; operating margins increased to 23.57 percent in March 2021 from 22.56 percent the previous year. Also, the producer of the sweetener is turning each Naira invested in sales into higher profits.

### Dangote Sugar maintains leadership position

Dangote Sugar leads the sugar industry with 61.5 percent market share and production capacity of 1.44mmt/a, a feat it has been able to achieve through pioneer advantage, long-standing presence in the market, large production capacity, volume driven marketing strategy, strong distribution and delivery network.

### Favorable demographic, a boon for Dangote Sugar

Nigeria's huge population that craves for consumption is a boon for the company and portends positive prognoses of future earnings growth.

Nigeria currently offers a market of 200 million people projected to expand to 264 million and 410 million by 2030 and 2050 respectively, according to the World Bank.

This indicates a growing market and demand for consumer goods products, especially for consumer staples with high demand.

The company stands to benefit from this demographic advantage through its network of institutional customers across the beverage, biscuit, bakeries and confectioneries subsections among others that utilize sugar as inputs to produce final staple foods.

### Backward Integration to underpin margins

Dangote Sugar is committed to the implementation of the Nigeria Sugar Master Plan that was launched in 2012 and the company designed its own master plan in 2013. The backward integration programme, which is paramount on the company's strategic plan, has huge profit potentials for the producer of the sweetener.

The company said its Backward Integration goal is to become a global force in sugar production, by producing 1.5M MT/PA of refined sugar from locally grown sugar cane for the domestic and export markets.

To reduce the country's huge import bills that are increasing stocking trade deficit and undermining economic growth, Dangote Sugar is committing \$700 million to various sugar projects across the country.

The aim of these projects is to make Nigeria self-sufficient in sugar and promote infrastructure that will accompany the sugar project.

