

UNIC

19-Aug-08

Business summary: General and Life Insurance  
Sector: Insurance  
Year End: 31st December  
Website: www.unic.com.ng  
e-mail: Unic@unic.com.ng

## Valuation Remains Attractive on the Heels of Strong Earnings

Technicals			
Current Price	1.93		
Price as at selected date	1.93		
52-week high	6.26	on	7-Feb-08
52-week low	1.93	on	19-Aug-08
Beta $\beta$ (Volatility Index)	0.86		
Current RSI (14)	21.79		Oversold

Quarterly Updates	2008Q1	Prev Yr	Growth
Gross Premium (Nb)	0.55	0.48	15%
PBT (Nb)	0.28	0.10	167%
Tax (Nb)	0.04	0.02	100%
PAT (Nb)	0.24	0.08	184%
			<b>Ind. Avg</b>
Pre-Tax Margin	50.30%		38.80%
Net Margin	42.76%		32.03%
Earnings Yield	11.70%		5.66%

### Analyst's Comment and Recommendation: MEDIUM TO LONG-TERM BUY

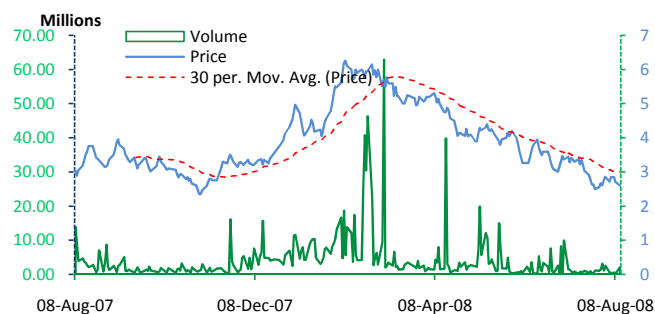
On price -multiple basis, UNIC currently trades at a discount to its peer group. With an expected EPS of 29k and gross premium per share of 68k, UNIC currently trades at 8.50x and 3.64x Dec.FYE 2008 expected earnings and premium respectively. Applying market metrics to UNIC's projected per share data, with a bias for price to earnings, we arrived at a weighted average target price of N3.75k which gives a discount to valuation of 33% and an upside potential of 51%.

Returns Profile	UNIC	NSE ASI
1-Week Returns	-21.86%	-6.13%
1-Month Returns	-33.68%	-11.14%
6-Month Returns	-66.38%	-26.34%
52 Week Returns	-48.67%	-11.63%
Sharpe Ratio	-15.25	-0.22
Stand. Dev. of Returns	3.90%	0.92%

Valuation Metrics	UNIC	Ind. Avg.
Shares Outstanding (bn)	2.58	5.85
Market Cap (Nbn)	4.98	16.08
Trailing GPPS	0.77	0.56
Trailing EPS (N)	0.23	0.16
BVPS (N)	-	0.86
P/E ratio (x)	8.55	38.17
PBV ratio (x)		10.46
PGP (x)	2.50	10.94

DuPont Analysis (Prev FY)	UNIC	Ind. Avg.
Asset Turnover (x)	na	0.34
Equity Multiplier	na	1.68
Profit Margin	22.42%	33.07%
ROE	na	22.12%
ROA	na	13.26%

Historical Price-Volume Chart



Relative Strength Index (RSI)



### Disclosures

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