

**DANGSUGAR**

**4-Aug-08**

Business summary: Refining of raw sugar and sale of refined sugar  
Sector: Food/Beverages & Tobacco  
Year End: 31st December  
Website: www.dangote-sugar.com  
e-mail: SRefinery@dangote-group.com

### "Earnings" running ahead of "price"

Technicals			
Current Price	28.50		
Price as at selected date	28.50		
52-week high	51.00	on	14-Mar-08
52-week low	27.08	on	22-Jul-08
Beta $\beta$ (Volatility Index)	1.30		
Current RSI (14)	35.05		Within range

Returns Profile	DANGSUGAR	NSE ASI
1-Week Returns	-2.94%	4.40%
1-Month Returns	-2.94%	-6.68%
6-Month Returns	-9.56%	-9.09%
52 Week Returns	-19.51%	-2.08%
Sharpe Ratio	-10.18	-0.13
Stand. Dev. of Returns	2.97%	0.84%

Quarterly Updates	2008Q1	Prev Yr	Growth
Tunover (Nb)	20.94	20.04	4%
PBT (Nb)	8.93	1.79	399%
Tax (Nb)	2.24	(3.58)	-163%
PAT (Nb)	6.69	5.37	25%
			<u>Ind. Avg</u>
Pre-Tax Margin	42.65%		11.99%
Net Margin	31.95%		9.01%
Earnings Yield	6.91%		4.29%

Valuation Metrics	DANGSUGAR	Ind. Avg.
Shares Outstanding (bn)	10.00	1.67
Market Cap (Nbn)	285.00	46.84
Trailing Sales Per Share	8.16	26.76
Trailing EPS (N)	2.28	2.30
BVPS	2.60	6.56
P/E ratio (x)	12.70	38.85
PBV ratio (x)	11.15	9.30
P/S ratio (x)	3.55	2.97

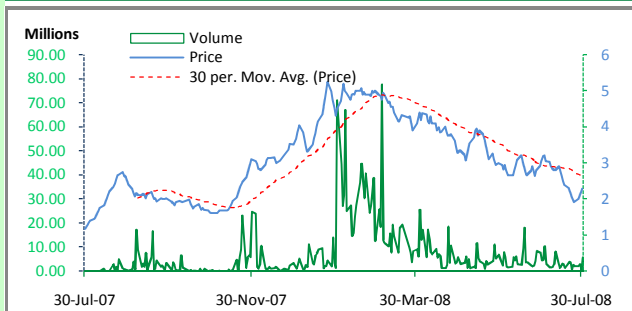
**Analyst's Comment and Recommendation BUY**

Aside having attractive comparable trading multiples, Dangsugar is supported by strong fundamentals. **With a 25% projected PAT growth in full year, forward price stands at 12.52x 2008FYE earnings.**

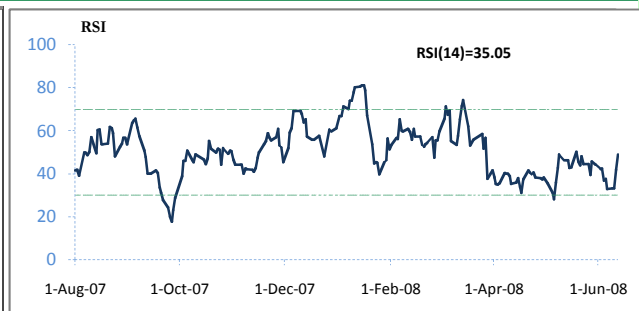
Assuming a convergence of industry and market PE in the medium term, **12-month forecasted price (based on multiples) gives N44.43k.** **This represents 33% upside potential. We therefore maintain our BUY recommendation on Dangsugar for both short and long term investment horizons.**

DuPont Analysis (Prev)	DANGSUGAR	Ind. Avg.
Asset Turnover (x)	1.61	1.12
Equity Multiplier	1.93	3.04
Profit Margin	26.63%	9.72%
ROE	82.75%	34.49%
ROA	42.85%	14.15%

Historical Price-Volume Chart



Relative Strength Index (RSI)



**Disclosures**

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