

PRESCO

31-Jul-08

Business summary: Palm plantation, milling, processing and refining
 Sector: Agriculture
 Year End: 31st December
 Website: www.presco-plc.com
 e-mail: info@presco-plc.com

Earnings sparkles present 75% upside flip

Technicals			
Current Price	10.43		
Price as at selected date	10.43		
52-week high	31.00	on	28-May-08
52-week low	8.50	on	19-Sep-07
Beta β (Volatility Index)	0.15		
Current RSI (14)	30.61		Within band

Returns Profile	PRESCO	NSE ASI
1-Week Returns	3.17%	5.39%
1-Month Returns	-28.85%	-7.33%
6-Month Returns	-33.57%	-8.18%
52 Week Returns	-0.86%	0.17%
Sharpe Ratio	-2.72	-0.11
Stand. Dev. of Returns	4.27%	0.91%

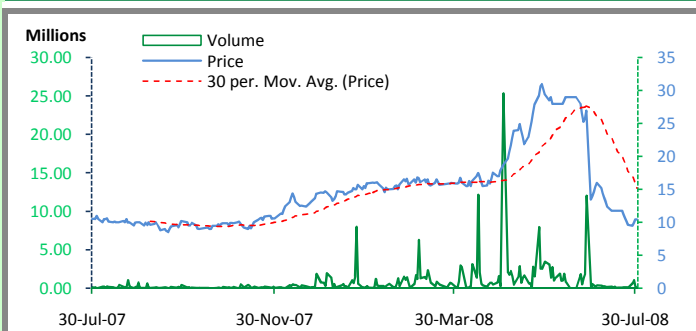
Quarterly Updates	2008Q2	Prev Yr	Growth
Tunover (Nb)	1.68	1.05	60%
PBT (Nb)	0.58	0.22	164%
Tax (Nb)	0.02	0.01	87%
PAT (Nb)	0.57	0.21	167%
			Ind. Avg
Pre-Tax Margin	34.57%		17.65%
Net Margin	33.64%		17.17%
Earnings Yield	3.75%		1.66%

Valuation Metrics	PRESCO	Ind. Avg.
Shares Outstanding (bn)	1.00	0.51
Market Cap (Nbn)	10.43	4.50
Trailing Sales Per Share	2.90	2.38
Trailing EPS (N)	0.39	0.19
BVPS	1.96	1.96
P/E ratio (x)	26.68	106.17
PBV ratio (x)	5.08	5.08
P/S ratio (x)	3.43	15.74

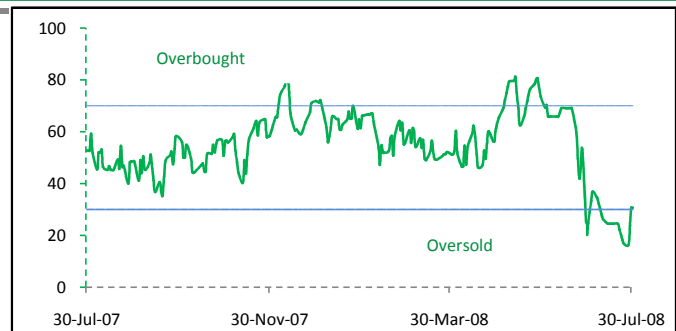
Analyst's Comment and Recommendation BUY
 Riding on the back of impressive Q2 results, conservative earnings forecast (of N1.13K per share) for PRESCO yields forward price multiples of 9.23x and 3.96x 2008E earnings and book value respectively. Applying a weighted average market PE and PBV of 20.42x and 5.78x, we arrived at a 12-month target price of N18.23k. This presents an upside potential of 75%. We therefore recommend PRESCO, at prevailing price, for short to medium term investment horizon.

DuPont Analysis (Prev FYE)	PRESCO	Ind. Avg.
Asset Turnover (x)	0.51	0.51
Equity Multiplier	2.30	2.30
Profit Margin	1.64%	10.64%
ROE	1.90%	1.90%
ROA	0.83%	0.83%

Historical Price-Volume Chart



Relative Strength Index (RSI)



Disclosures

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