

VITAFOAM

25-Aug-08

Business summary: Manufacturing of foams
 Sector: Industrial/Domestic Products
 Year End: 30th September.
 Website: www.vitafoamng.com
 e-mail: na

Technicals			
Current Price	9.02		
Price as at selected date	9.02		
52-week high	15.00	on	3-Mar-08
52-week low	6.71	on	24-Aug-07
Beta β (Volatility Index)	0.68		
Current RSI (14)	41.85		Within band

Returns Profile	VITAFOAM	NSE ASI
1-Week Returns	-9.62%	-6.33%
1-Month Returns	-4.65%	-10.70%
6-Month Returns	-12.43%	-29.22%
52 Week Returns	27.04%	-11.58%
Sharpe Ratio	4.52	-0.22
Stand. Dev. of Returns	3.60%	0.92%

Quarterly Updates	2008Q2	Prev Yr	Growth
Tunover (Nb)	4.11	2.84	45%
PBT (Nb)	0.44	0.30	44%
Tax (Nb)	0.14	0.10	44%
PAT (Nb)	0.30	0.21	44%
			Ind. Avg.
Pre-Tax Margin	10.66%		9.98%
Net Margin	7.25%		8.10%
Earnings Yield	7.18%		3.84%

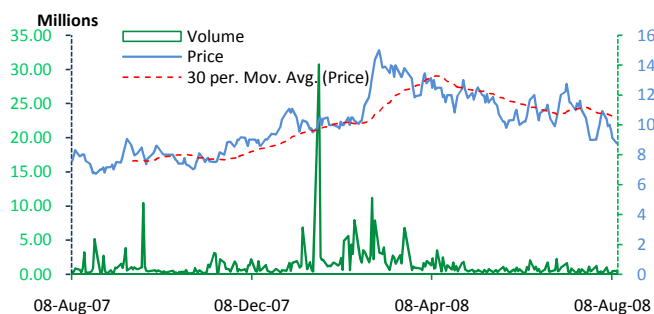
Valuation Metrics	VITAFOAM	Ind. Avg.
Shares Outstanding (bn)	0.82	0.34
Market Cap (Nbn)	7.39	3.12
Trailing Sales Per Share	9.06	6.45
Trailing EPS (N)	0.65	0.50
BVPS (N)	1.71	1.21
P/E ratio (x)	13.93	35.27
PBV ratio (x)	5.27	11.71
P/S ratio (x)	1.00	2.49

Analyst's Comment and Recommendation MEDIUM TO LONG TERM BUY

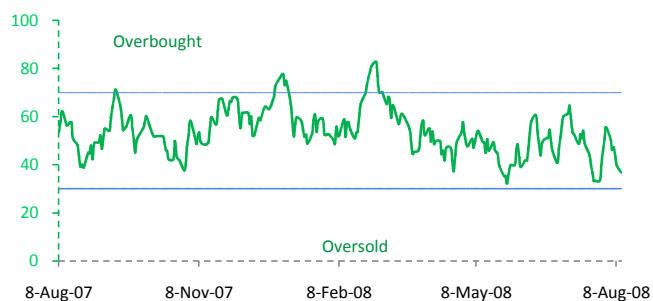
In our opinion, Vitafoam is a cheap stock in its industry. We expect full year earnings of 65k per share based on net margin of 7.1% translating to a leading PE of 13.77x well below the current industry average of 35.27x. However, considering the impact of market trends on pricing of the stock, relative valuations based on market multiples of 17.55x earnings, 4.30x book values and 2.70x sales yield a simple average target price of N14.68K. We place a BUY recommendation on Vitafoam for medium to long term investment horizons.

DuPont Analysis (Prev FYE)	VITAFOAM	Ind. Avg.
Asset Turnover (x)	1.80	2.06
Equity Multiplier	2.44	2.86
Profit Margin	7.14%	7.29%
ROE	31.34%	30.10%
ROA	12.84%	10.35%

Historical Price-Volume Chart



Relative Strength Index (RSI)



Disclosures

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