

# Equity Snapshot

**FLOURMILL**

**11-Feb-09**

Long term **HOLD**

Business summary: Flour Milling; Pasta Production  
Sector: Food/Beverages & Tobacco  
Year End: 31st March  
Website: www.fmnplc.com  
e-mail: na

## Buyers Beware

### Technicals

Current Price	16.53		
Price as at selected date	16.53		
52-week high	106.50	on	4-Mar-08
52-week low	13.64	on	3-Feb-09
Beta $\beta$ (Volatility Index)	0.907		
Current RSI (14)	35.76		Within band

### Quarterly Updates

	2008Q3	Prev Yr	Growth
Tunover (Nb)	112.23	74.54	50.6%
PBT (Nb)	1.08	5.15	-79.0%
Tax (Nb)	0.32	1.50	-78.4%
PAT (Nb)	0.76	3.65	-79.2%
			Ind. Avg
Pre-Tax Margin	0.96%		12.24%
Net Margin	0.67%		9.56%
Earnings Yield	12.28%		8.96%

### Analyst's Comment and Recommendation

The Company's recently released Q3-results show a dismay performance, reporting an **Exchange Loss** of a strange magnitude of N6.66bn wiping out the entire operating profit before tax to N1.08bn. P/E soars to 8.14x from 3.32x in Q2-2008/09. This operational challenge reduced the Company's ROE from 29% in corresponding period in 2007/08 to 3%. This has negatively impacted the Company's share performance in the market. In the interim, we do not expect a sharp resurgence in performance; hence, we maintain a **LONG TERM HOLD** recommendation on the stock especially for LONG TERM investors while traders should be wary of the stock.

## Buyers Beware

### Returns Profile

	FLOURMILL	NSE ASI
1-Week Returns	15.43%	4.39%
1-Month Returns	-37.97%	-17.35%
6-Month Returns	-76.85%	-54.26%
52 Week Returns	-81.63%	-62.04%
Sharpe Ratio	-32.85	-0.73
Stand. Dev. of Returns	2.81%	1.16%

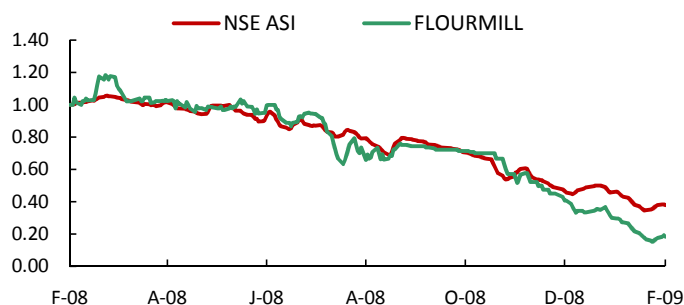
### Valuation Metrics

	FLOURMILL	Ind. Avg.
Shares Outstanding (bn)	1.71	1.99
Market Cap (Nbn)	28.24	33.96
Trailing Sales Per Share	96.79	31.81
Trailing EPS (N)	2.03	1.89
BVPS (N)	20.52	8.05
P/E ratio (x)	8.14	11.70
PBV ratio (x)	0.81	4.16
P/S ratio (x)	0.17	1.30

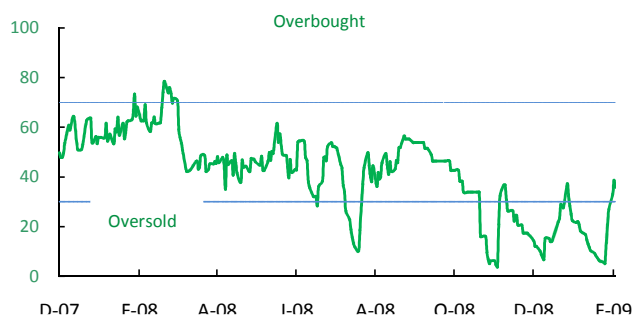
### DuPont Analysis (Prev FYE)

	FLOURMILL	Ind. Avg.
Asset Turnover (x)	1.17	1.21
Equity Multiplier	3.11	3.00
Profit Margin	4.98%	8.70%
ROE	18.14%	32.74%
ROA	5.83%	13.71%

52-Week Relative Price Performance Chart



Relative Strength Index (RSI)



### Disclosures

Meristem Research equity analysis and its attendant recommendations are prepared based on publicly available information and are meant for general informative purposes. Meristem Securities can neither guarantee the accuracy nor completeness of the information as they are expressions of our analysts' views and opinions