



Arthur Stevens Assets Management Ltd.
(MEMBER OF THE NIGERIAN STOCK EXCHANGE)



PRESCO PLC

PRESCO PLC VALUATION PREPARED BY
ARTHUR STEVENS ASSET MANAGEMENT LTD.





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(MEMBER OF THE NIGERIAN STOCK EXCHANGE)

MARKET PRICE: NGN 143.85

FAIR VALUE: NGN 152

(DCF: EBITDA EXIT METHOD)

RECCOMENDATION BUY

KEY STATISTICS	
Market Cap	NGN 13,000,000,000
P/E Ratio	3.11
Revenue	NGN 47.23B
Dividend Yield	N/A
52 Week Range	65.1 – 143.85
EPS	24.09
Shares Outstanding	1,000,000,000
1-year Change	81.11%



Presco is a Public Limited Company (PLC) incorporated on September 24, 1991 and listed on the Nigerian Stock Exchange in 2002 after a successful initial public offer. Presco PLC is a fully integrated agro-industrial establishment with oil palm plantations in Edo and Delta States, palm oil mill, palm kernel crushing plant and vegetable oil refining plant and operates as a major producer of specialty oils and fats of outstanding quality in the Nigeria oil palm and vegetable oil industry. Its corporate head office is at Obaretin Estate, Km 22 Benin/Sapele Road, Ikpoba-Okha, L.G.A Edo State.

They produce and supply specialty fats and oils of outstanding quality to customer's specification and guarantee reliable supply of these products all year round due to the fully integrated nature of our operations. The products include Special Palm Oil (SPO), Crude Palm Kernel Oil (CPKO), Refined Bleached Deodorized Oil (RBDO), Olein, Stearin, Palm Fatty Acid Distillate (PFAD) and Palm Kernel Cake. To make products available for household they use a Jerry can plant for bottling vegetable oil in small jerry cans of 25 litres and 5 litres.

BOARD OF DIRECTORS

Mr. Paul Cardoen (Belgian)	Non-Executive Director, Chairman
Mr. Felix O. Nwabuko FCA	Managing Director/CEO
Mr. Osa Osunde FCS, FCTI, F.IoD	Independent Non-Executive Director Chief
(Engr.) James B. Erhuero, JP, mni, OON	Non-Executive Director
Chief (Dr.) Bassey E. O. Edem, FCA, MFR	Independent Non-Executive Director HRH
Prince Aigubasimwin O. Akenzua	Independent Non-Executive Director Mr.
William Kenneth Crockett (Irish)	Executive Director (CFO)
Mr. Gerald Ray (South African)	Executive Director (COO),
Amb. Nonye Udo	Independent Non-Executive Director,
Mrs. Ingrid Vandewiele (Belgian)	Non-Executive Director



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SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Address	Holdings (2020)	% Holdings (2020)	Holdings (2019)	% Holdings (2019)
SIAT SA	Romboutsstraat 6-8, 1932 Zaventem, Belgium	600,000,000	60%	600,000,000	60%
20450 ZPC/SIPML RSA Fund li-Main A/C	4th & 6th Floor, Civic Tower, Ozumba Mbadiwe Road, Victoria Island, Lagos	72,544,666	7.25%	-	-

Name of Director	2020	2020	2019	2019
	Units (Direct)	Units (Indirect)	Units (Direct)	Units (Indirect)
Mr. Pierre Vandebecck	-	-	-	208,320
Mr. Felix O. Nwabuko FCA	250	47,052	250	47,052
Mr. Osa Osunde FCS, FloD	1,000	-	1,000	-
Chief Engr. James B. Erhuero, nmi, JP, OON	624,000	-	624,000	-
William Kenneth Crockett	56,242	-	-	-
Chief (Dr.) Bassey Edem, FCA, MFR	50,000	-	50,000	-
Total	731,492	47,052	675,250	225,372

MAJOR CUSTOMERS

- Nestle Nigeria PLC
- Wamco Nigeria PLC
- ChikkiFood Industries
- PZ Cusson Nigeria PLC
- FanMilk PLC
- Golden Pasta Company LTD
- Dangote Group



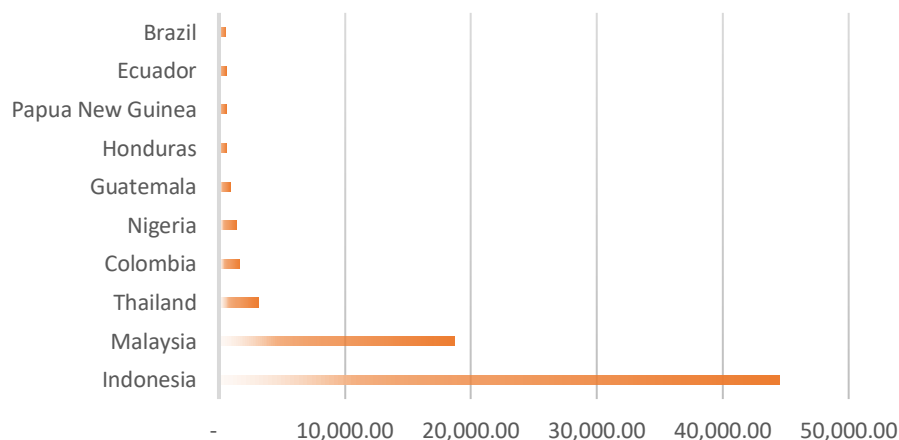
INDUSTRY REVIEW

To begin with, Oil palm is native to West Africa with the local artisans processing palm oil. Decades later, this commodity moved globally and has become essential to other industries and is used in the manufacturing of Candles, Soap and high-end industrial lubricants among many other items. The African industry oil palm production system compasses “agro-industrial plantations such as Presco Plc and Okomu Palm Plc, Contract plantations, and independent/individual production systems.

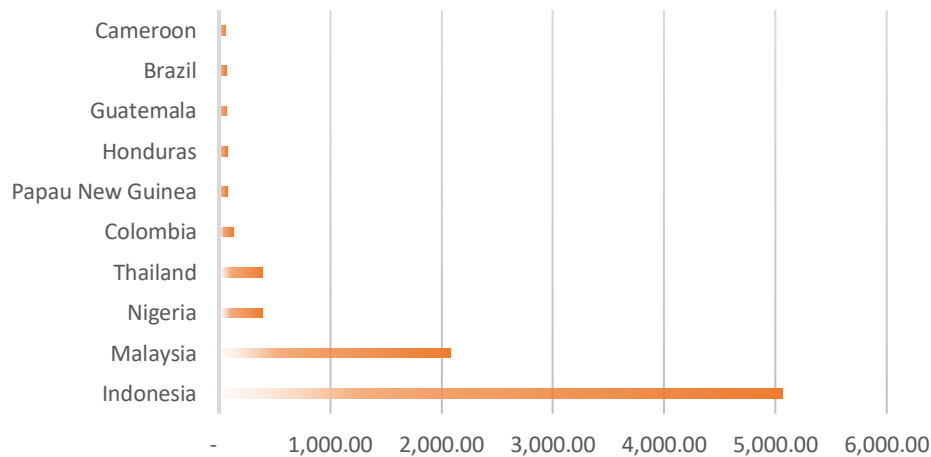
Additionally, Palm oil is among the world’s most consumable oils. Produced by oil palms with high productivity per unit compared with other crops including Soybean, Sunflower and Olive. Palm oil yields 5 to 7 times more oil than groundnut and soybeans. Oil palm accounts for 36% of the global oil market based on just 6% of croplands available. The global palm oil market is dominated by Malaysia and Indonesia, with Nigeria being the dominant player on the African continent. The first industrial plantation globally was established around 1917 in Malaysia under British management and had strong roots to Eastern Nigeria seedlings.

Furthermore, Nigeria’s Oil palm is largely small scale, accounting for 80% and using 1.6 million hectares of land. Established plantations account for 20% of the total output; Dominantly from Presco Plc and Okomu Palm Oil Plc. This is growing and was as a result of increasing demand for oil palm-based products between 1981 and 2018; the area expansion of Oil Palm fields has grown 32%, this is about 0.56 M hectares of land. Below are the top 10 global producers of Oil palm (1000MT), with Nigeria ranking fifth in Palm Oil production but Third in Palm kernel Oil production in 2021

PALM OIL PRODUCTION (1000MT)



PALM KERNEL OIL PRODUCTION (1000MT)

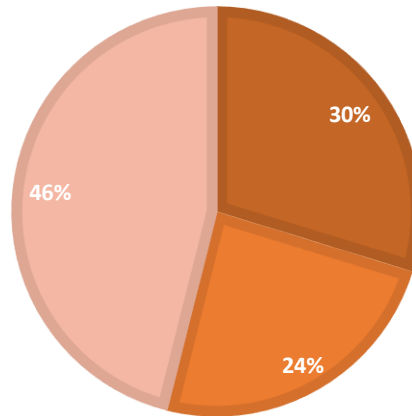


The Country's Oil palm industry is not performing optimally as a result of no proper scaling of milling technology which has led to sub optimal output mainly from the small millers according to the CBN. There is low synergy between stakeholders across the value chain, small millers' failure to meet industrial quality and quantity as a major reason.

Oil palm production is currently at 1,250,000 metric tons (MT) with demand at 2,500,000 Metric Tons per annum. The Nigerian palm oil sector has dropped from its position as a top exporter in the 1960's to an importer that expends at least \$500 million into importation of Palm oil. Consequentially, Nigeria is the 5th producer of the commodity globally, with Global prices advancing from an average of \$1344/mt to \$1776/mt in 2022 largely driven by global supply shocks. The chart below shows Crude oil and derivatives imports into Nigeria as of 2021. NGN68,200,000,000 worth of palm oil and byproducts was imported into Nigeria from other palm oil producing countries.

CRUDE PALM OIL IMPORTS 2021

■ CHINA ■ MALAYSIA ■ MALAYSIA(PALM OLEIN)



In order to address this problem, The Anchors borrowers’ program was launched to curtail imports, in particular palm oil and its derivatives. The Apex banks’ intervention would boost the potential of the oil palm value chain. A sum of NGN 45 Billion has been disbursed by the bank to stakeholders including major Players as Presco Plc and Okomu Plc as well as Small holder operators to cultivate 31,442 hectares to grow the commodity. Presco Plc and Okomu plc received NGN 20 Billion from this disbursement to boost their operations within this space. In conclusion the CBN Interventions are expected to increase production from 1,250,000 million metric tonnes to 2,500,000 million metric tonnes by 2026.



ANALYST NOTE

As of time of writing this report these were worthy of note;

1. The 2021 Actual Audited results had a value of “3”, or “3000” which was due to rounding errors from the actual statement. This is negligible
2. The DDM was not applied to this valuation to the nature of the company’s growth pattern of this year. As such the DCF: EXIT METHOD was employed to get the intrinsic value
3. As of when this analysis was done a dividend was not announced, and a full year unaudited report was used. The reason for this is seen below



PRESKO PLC
(RC174370)

Benin City, Nigeria, March, 2022



Head Office: Obaretin Estate,
Km 22, Benin/Sapele Road,
Ikpoba-Okha, L.G.A., Benin City
Tel: +234 803 413 4444 Website: www.presco-plc.com

NOTICE OF POSTPONEMENT OF BOARD MEETING/APPROVAL/UPLOADING OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PRESKO PLC FOR THE YEAR ENDED 31 DECEMBER 2021.

This is to notify the shareholders of Presco Plc, Nigerian Exchange Limited (NGX) and the investing public that the meeting of the Board of Directors of Presco PLC (the Company) formerly scheduled to hold on Wednesday, March 23 2022 at 10.00 a.m. has been postponed.

The Directors have made an assessment concerning the consolidation of the newly acquired subsidiary, SIAT NIGERIA LIMITED, (SNL) and noted that some more time will be needed to come through with the consolidation of the subsidiary with the financial statements of Presco PLC. Therefore, the audited consolidated financial statements of the Group will not be ready for presentation to the board for approval on or before March 31, 2022.

The Directors believe that all matters relating to the SNL acquisition accounting, preparation and audit of the consolidated financial statements will be concluded and be ready for the approval of the Board of Directors and uploading into the issuers' Portal on or before April 30, 2022.

The Company's closed period restricting insiders from transacting in the shares of the Company commenced on January 1, 2022 and will continue until 24 hours after the release of the AFS for the year ended December 31, 2021 to the public.

Accordingly, no Director, employee, person discharging managerial responsibility, advisers, consultants of the Company and their connected persons may directly or indirectly deal in the shares of the Company during the closed period.

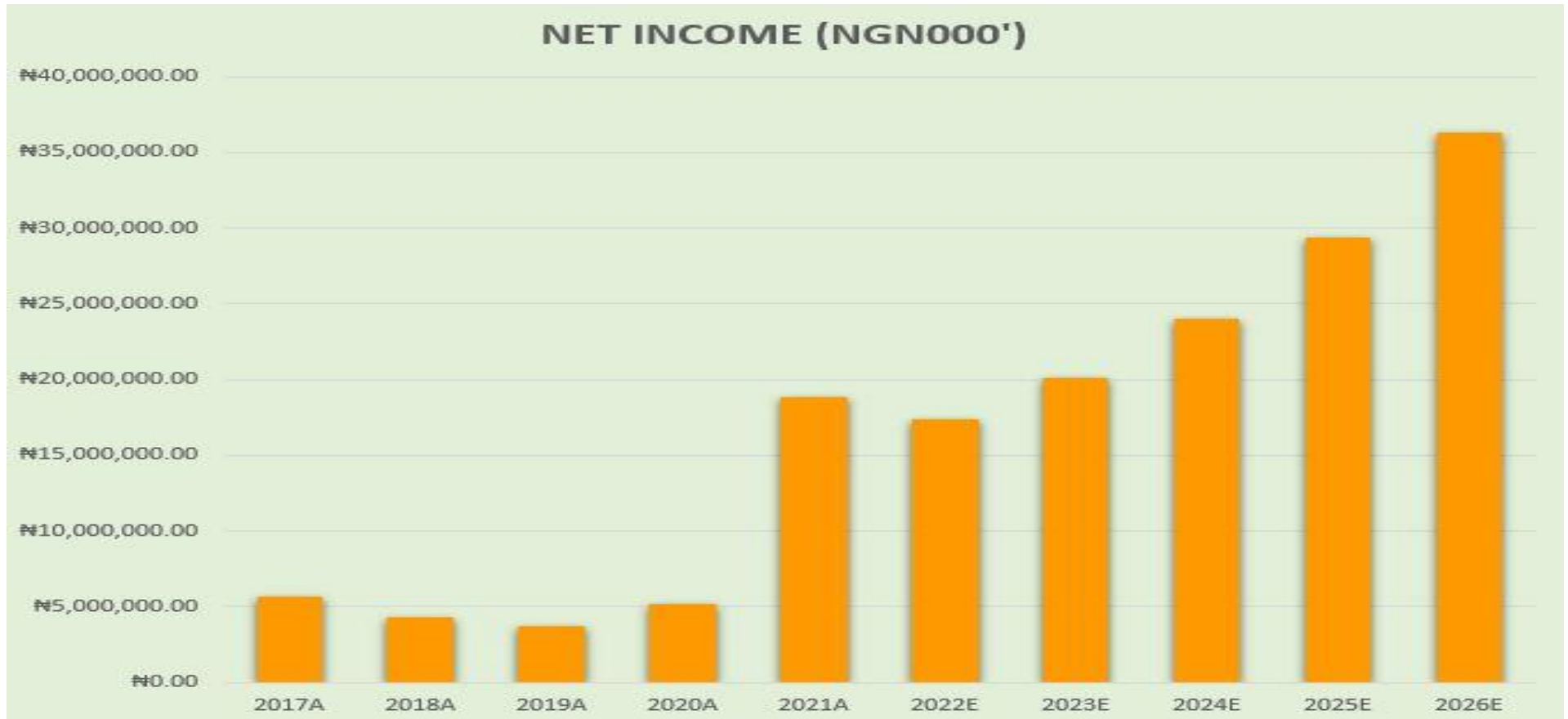
By Order of the Board


Patrick Uwadia, Esq.



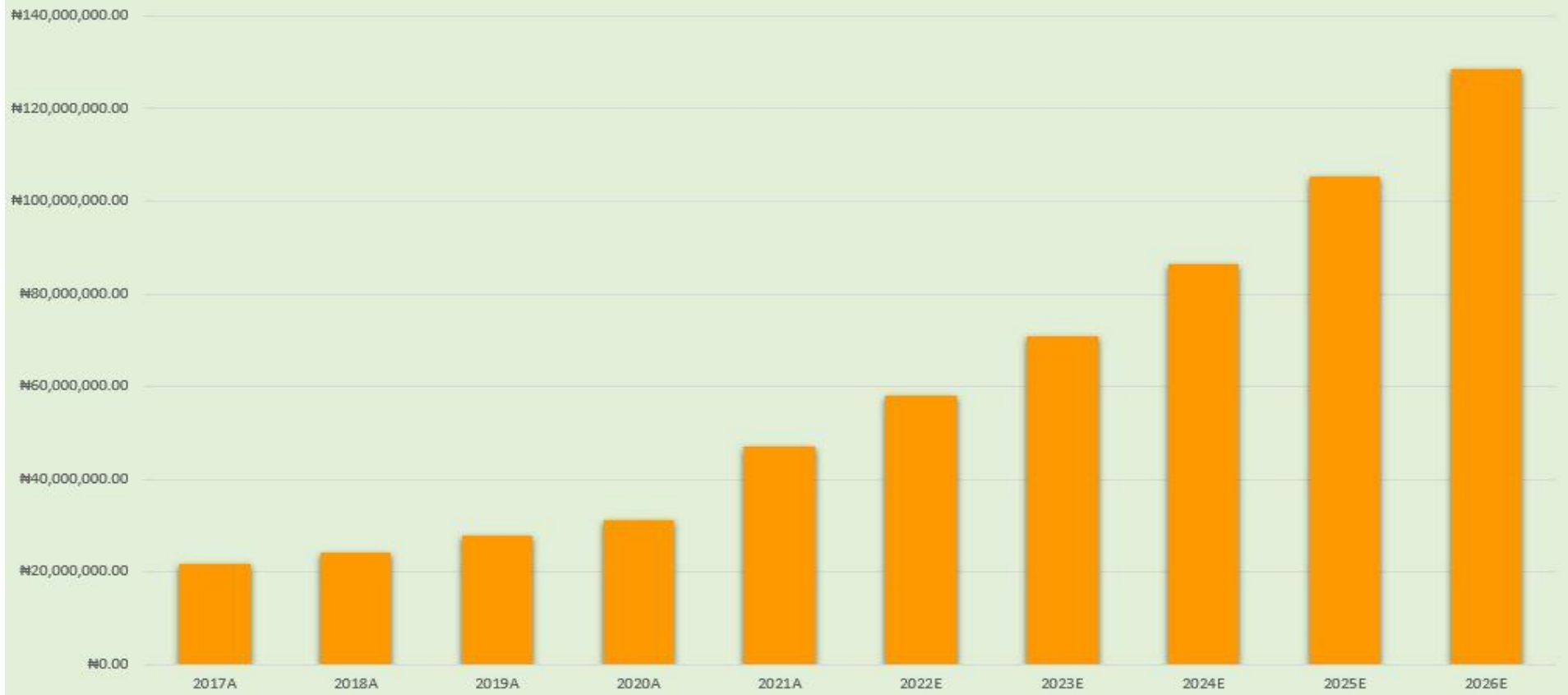


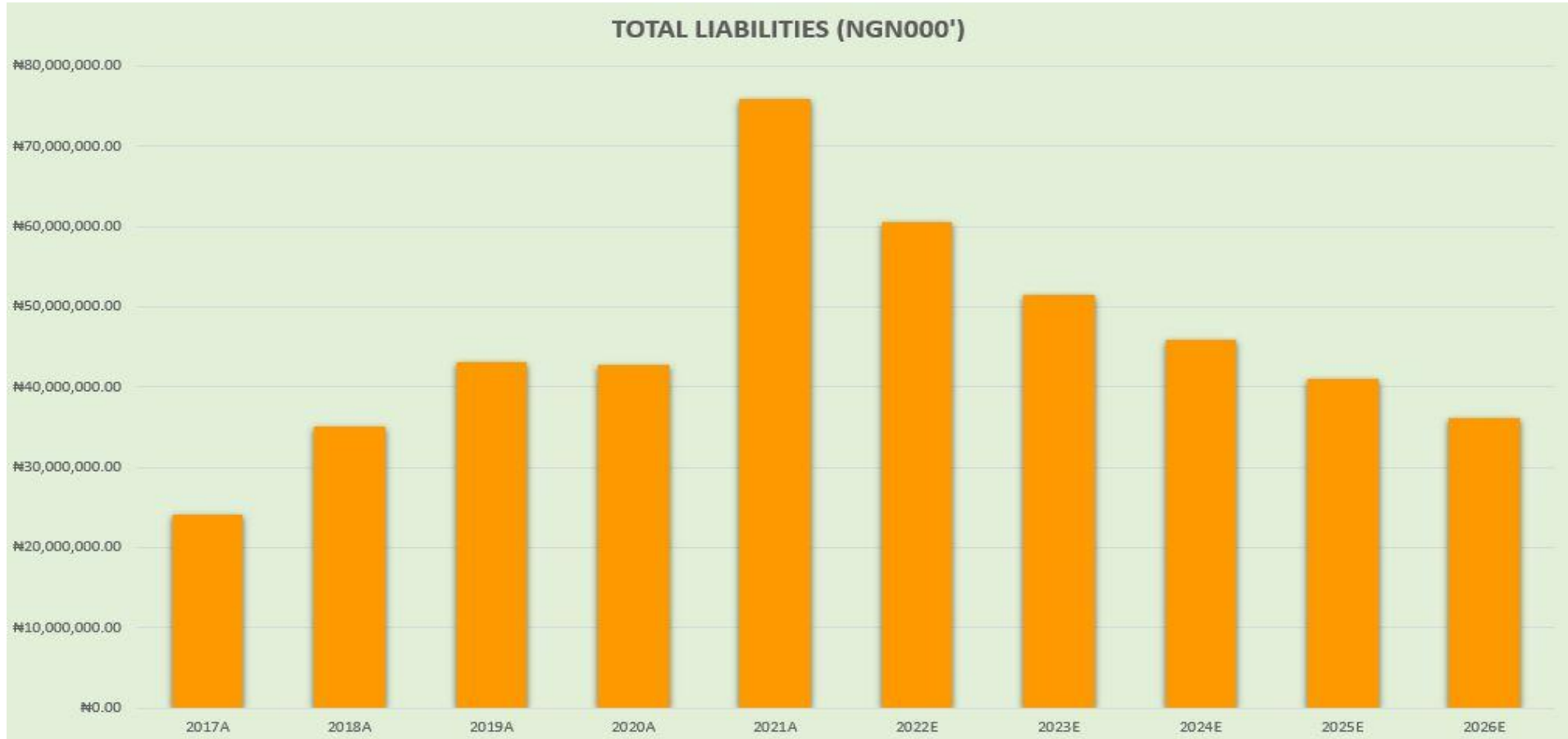
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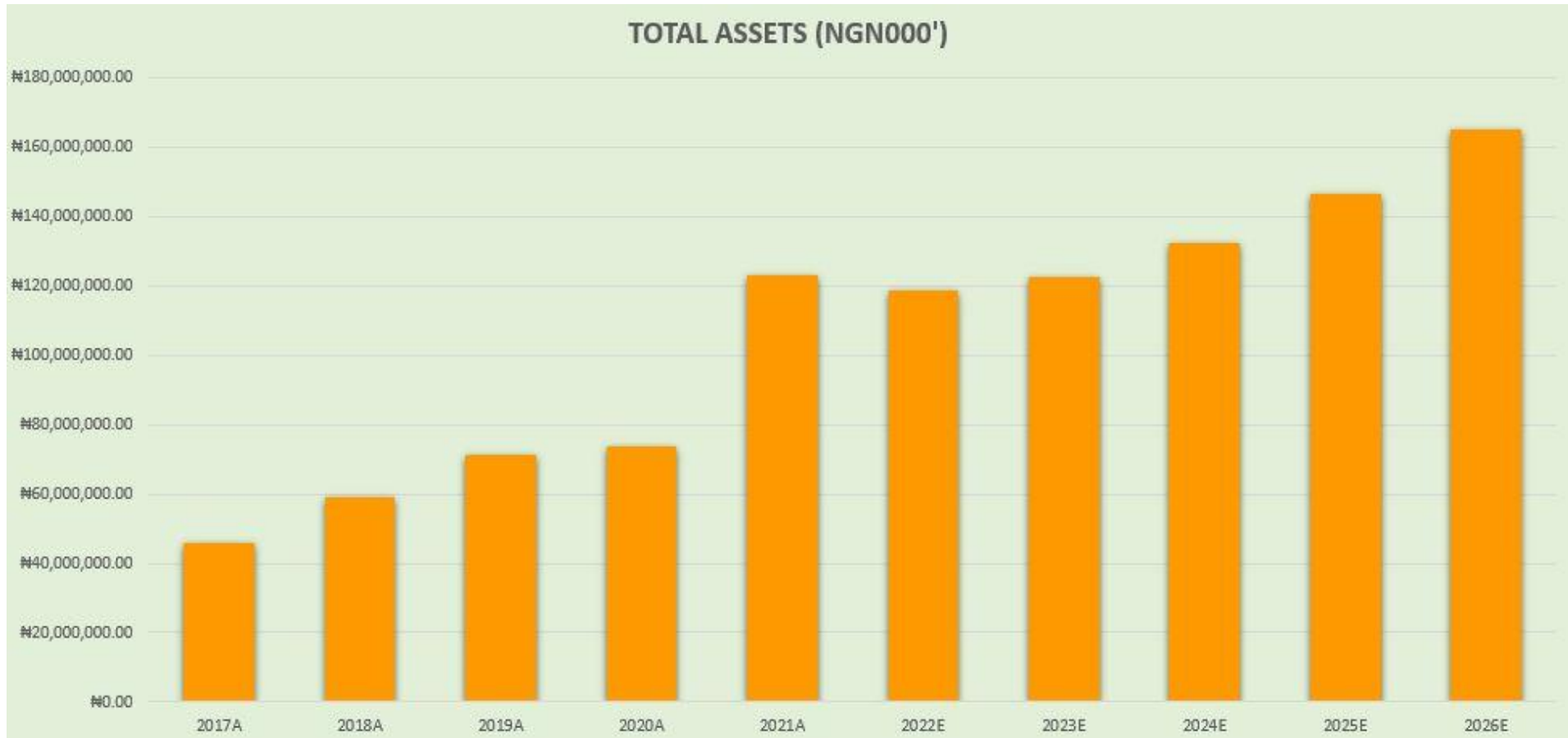




TOTAL EQUITY (NGN000')













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INCOME STATEMENT

in thousands of naira	2017A	2018A	2019A	2020A	2021A (Unaudited)	2022E	2023E	2024E	2025E	2026E
Revenue	₦ 22,365,372	₦ 21,344,730.00	₦ 19,723,641.00	₦ 23,891,766.00	₦ 47,229,184.00	₦ 59,822,149	₦ 75,772,842	₦ 95,976,553	₦ 121,567,285	₦ 153,981,407
Y-O-Y Growth%		-5%	-8%	21%	98%	27%	27%	27%	27%	27%
Best case	DMF GROWTH RATE @ 4%					28.08%	28.08%	28.08%	28.08%	28.08%
Base case	DMF GROWTH RATE @ 4%					27%	27%	27%	27%	27%
Worst case	DMF GROWTH RATE @ 4%					25.92%	25.92%	25.92%	25.92%	25.92%
Cost of Sales	₦ 5,941,308.00	₦ 4,753,275.00	₦ 7,001,810.00	₦ 7,803,248.00	₦ 15,993,966.00	₦ 18,588,845.88	₦ 23,545,287.35	₦ 29,823,290.82	₦ 37,775,231.28	₦ 47,847,439.33
Y-O-Y Growth%	27%	22%	35%	33%	34%	31%	31%	31%	31%	31%
Best case	DMF GROWTH RATE @ 4%					30%	30%	30%	30%	30%
Base case	DMF GROWTH RATE @ 4%					31%	31%	31%	31%	31%
Worst case	DMF GROWTH RATE @ 4%					32%	32%	32%	32%	32%
Gross profit	₦ 16,424,064.00	₦ 16,591,455.00	₦ 12,721,831.00	₦ 16,088,518.00	₦ 31,235,218.00	₦ 41,233,303.18	₦ 52,227,555.08	₦ 66,153,262.02	₦ 83,792,053.26	₦ 106,133,967.92
	73%	78%	65%	67%	66%	69%	69%	69%	69%	69%
S.G & A	₦ 7,184,418.00	₦ 6,384,429.00	₦ 6,813,620.00	₦ 7,133,558.00	₦ 9,248,752.00	₦ 17,470,454.13	₦ 22,128,692.95	₦ 28,028,982.42	₦ 35,502,497.02	₦ 44,968,714.01
	-32%	-30%	-35%	-30%	-20%	-29%	-29%	-29%	-29%	-29%
Distribution expenses	₦ 317,248.00	₦ 366,923.00	-	-	-	-	-	-	-	-
Other gains and losses	₦ 213,358.00	₦ 389,845.00	₦ 386,202.00	₦ 250,542.00	₦ 282,433.00	₦ 282,433.00	₦ 282,433.00	₦ 282,433.00	₦ 282,433.00	₦ 282,433.00
Gains/Loss on BA revaluation (2020-21)										
Operating Profit	₦ 9,135,756.41	₦ 10,229,948.48	₦ 6,294,413.30	₦ 8,704,418.37	₦ 21,704,033.47	₦ 23,480,416.05	₦ 29,816,429.13	₦ 37,841,846.61	₦ 48,007,123.24	₦ 60,882,820.91
	41%	48%	32%	36%	46%	39%	39%	39%	39%	40%
Gains/Loss on BA revaluation	₦ 347,214.00	₦ 2,632,070.00	₦ 1,832,064.00	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -
Finance Cost	₦ 973,479.00	₦ 1,276,868.00	₦ 2,133,709.00	₦ 1,918,292.00	₦ 617,582.00	₦ 2,715,855.93	₦ 553,887.10	₦ 1,561,805.58	₦ 3,685,358.72	₦ 5,995,992.37
Finance income	₦ -	₦ -	₦ 66,915.00	₦ 58,858.00	₦ 4,425.00	₦ 4,425.00	₦ 4,425.00	₦ 4,425.00	₦ 4,425.00	₦ 4,425.00
Profit before taxation	₦ 7,815,063.82	₦ 6,321,010.96	₦ 6,059,683.62	₦ 6,844,984.74	₦ 21,090,876.93	₦ 26,200,696.98	₦ 30,374,741.23	₦ 36,284,466.03	₦ 44,326,189.53	₦ 54,891,253.54
Tax expense	₦ 2,088,858.00	₦ 2,036,822.00	₦ 2,220,937.00	₦ 3,428,422.00	₦ 4,881,307.00	₦ 8,847,109.82	₦ 10,256,546.67	₦ 12,252,065.50	₦ 14,967,489.86	₦ 18,534,962.96
	-27%	-32%	-37%	-50%	-23%	-34%	-34%	-34%	-34%	-34%
Profit after taxation	₦ 5,726,205.82	₦ 4,284,188.96	₦ 3,838,746.62	₦ 5,261,929.00	₦ 18,867,726.00	₦ 17,353,587.16	₦ 20,118,194.56	₦ 24,032,400.53	₦ 29,358,699.66	₦ 36,356,290.58
Other comprehensive Income(net tax)	₦ 42,445.00	₦ 15,618.00	₦ 102,358.00	₦ 98,351.00	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -
Total Comprehensive Income	₦ 5,683,760.00	₦ 4,299,806.00	₦ 3,736,388.00	₦ 5,163,578.00	₦ 18,867,726.00	₦ 17,353,587.16	₦ 20,118,194.56	₦ 24,032,400.53	₦ 29,358,699.66	₦ 36,356,290.58
Operating Income	₦ 9,135,756.41	₦ 10,229,948.48	₦ 6,294,413.30	₦ 8,704,418.37	₦ 21,704,033.47	₦ 23,480,416.05	₦ 29,816,429.13	₦ 37,841,846.61	₦ 48,007,123.24	₦ 60,882,820.91
Depreciation & Ammortization	₦ 1,096,285.00	₦ 1,283,270.00	₦ 1,431,275.00	₦ 1,759,029.00	₦ 2,457,585.00	₦ 2,848,687.80	₦ 3,081,586.95	₦ 3,376,585.20	₦ 3,750,240.40	₦ 4,223,525.20
Depreciation of Right-of-use assets	₦ -	₦ -	₦ 23,390.00	₦ 23,390.00	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -
Amortization of intangible assets	₦ -	₦ -	₦ 47.00	₦ 47.00	₦ 1,050.00	₦ 1,050.00	₦ 1,050.00	₦ 1,050.00	₦ 1,050.00	₦ 1,050.00
EBITDA	₦ 10,232,041.41	₦ 11,513,218.48	₦ 7,749,125.30	₦ 10,486,884.37	₦ 24,162,668.47	₦ 26,330,153.85	₦ 32,899,066.08	₦ 41,219,481.81	₦ 51,758,413.64	₦ 65,107,396.11



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BALANCE SHEET

in thousand naira	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E
ASSETS										
CURRENT ASSETS										
Inventories	₦ 4,704,706.00	₦ 3,489,314.00	₦ 3,329,438.00	₦ 3,549,206.00	₦ 4,819,511.00	₦ 10,252,235.90	₦ 12,985,843.34	₦ 16,448,326.86	₦ 20,834,030.52	₦ 26,389,117.35
Biological Assets	₦ 5,892,483.00	₦ 3,260,413.00	₦ 5,092,477.00	₦ 6,937,844.00	₦ 9,596,001.00	₦ 9,596,001.00	₦ 9,596,001.00	₦ 9,596,001.00	₦ 9,596,001.00	₦ 9,596,001.00
Trade and other receivables	₦ 3,607,661.00	₦ 4,986,614.00	₦ 6,793,152.00	₦ 6,962,759.00	₦ 7,987,187.00	₦ 14,355,997.83	₦ 18,183,812.83	₦ 23,032,258.22	₦ 29,173,470.03	₦ 36,952,145.36
Cash and Bank balances	₦ 3,307,211.00	₦ 2,812,764.00	₦ 5,934,937.00	₦ 2,585,092.00	₦ 22,552,311.00	₦ 5,638,077.75	₦ 1,409,519.44	₦ 352,379.86	₦ 88,094.96	₦ 22,023.74
Other Assets	₦ -	₦ 1,321,991.00	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -
Deposit for Import	₦ -	₦ 216,988.00	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -
TOTAL CURRENT ASSETS	₦ 17,512,061.00	₦ 16,088,084.00	₦ 21,150,004.00	₦ 20,034,901.00	₦ 44,955,010.00	₦ 39,842,312.48	₦ 42,175,176.60	₦ 49,428,965.93	₦ 59,691,596.52	₦ 72,959,287.46
NON CURRENT ASSETS										
Intangible assets	₦ 352,043.00	₦ 826,845.00	₦ 121.00	₦ 74.00	₦ 15,826.00	₦ 15,826.00	₦ 15,826.00	₦ 15,826.00	₦ 15,826.00	₦ 15,826.00
Property, plant and equipment	₦ 28,122,101.00	₦ 41,728,907.00	₦ 48,211,859.00	₦ 52,109,564.00	₦ 53,296,310.00	₦ 54,125,068.20	₦ 55,701,464.25	₦ 58,224,844.05	₦ 61,947,707.65	₦ 67,189,878.45
Right of use of asset	₦ -	₦ 616,612.00	₦ 1,647,846.00	₦ 1,624,456.00	₦ 1,624,456.00	₦ 1,624,456.00	₦ 1,624,456.00	₦ 1,624,456.00	₦ 1,624,456.00	₦ 1,624,456.00
Investment in SNL	₦ -	₦ -	₦ -	₦ -	₦ 23,000,000.00	₦ 23,000,000.00	₦ 23,000,000.00	₦ 23,000,000.00	₦ 23,000,000.00	₦ 23,000,000.00
TOTAL NON CURRENT ASSETS	₦ 28,474,144.00	₦ 43,172,364.00	₦ 49,859,826.00	₦ 53,734,094.00	₦ 77,936,592.00	₦ 78,765,350.20	₦ 80,341,746.25	₦ 82,865,126.05	₦ 86,587,989.65	₦ 91,830,160.45
TOTAL ASSETS	₦ 45,986,205.00	₦ 59,260,448.00	₦ 71,009,830.00	₦ 73,768,995.00	₦ 122,891,602.00	₦ 118,607,662.68	₦ 122,516,922.85	₦ 132,294,091.98	₦ 146,279,586.17	₦ 164,789,447.91
LIABILITIES										
CURRENT LIABILITIES										
Overdrafts	₦ 3,174,048.00	₦ 6,867,291.00	₦ 7,093,237.00	₦ 6,364,154.00	₦ 2,265,575.00	₦ 11,449,442.97	₦ 20,350,072.61	₦ 30,690,844.38	₦ 39,394,962.49	₦ 45,058,721.50
Borrowings	₦ 1,371,973.00	₦ 5,179,745.00	₦ 9,155,154.00	₦ 6,425,272.00	₦ 25,089,989.00	₦ 25,089,989.00	₦ 25,089,989.00	₦ 25,089,989.00	₦ 25,089,989.00	₦ 25,089,989.00
Trade and other payables	₦ 7,428,138.00	₦ 8,034,114.00	₦ 8,180,957.00	₦ 11,541,335.00	₦ 26,444,256.00	₦ 26,921,548.98	₦ 34,099,782.79	₦ 43,191,986.73	₦ 54,708,492.70	₦ 69,295,705.06
Contract liabilities	₦ -	₦ 21,378.00	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -	₦ -
Current tax liabilities	₦ 860,163.00	₦ 1,850,812.00	₦ 1,562,333.00	₦ 628,181.00	₦ 4,524,498.00	₦ 4,524,498.00	₦ 4,524,498.00	₦ 4,524,498.00	₦ 4,524,498.00	₦ 4,524,498.00
Lease Liabilities	₦ 29,614.00	₦ 29,614.00	₦ 33,506.00	₦ 33,506.00	₦ 33,506.00	₦ 33,506.00	₦ 33,506.00	₦ 33,506.00	₦ 33,506.00	₦ 33,506.00
Deferred Income	₦ 110,565.00	₦ 67,127.00	₦ 261,097.00	₦ 267,489.00	₦ 267,489.00	₦ 267,489.00	₦ 267,489.00	₦ 267,489.00	₦ 267,489.00	₦ 267,489.00
TOTAL CURRENT LIABILITIES	₦ 12,974,501.00	₦ 22,050,081.00	₦ 26,286,284.00	₦ 25,259,937.00	₦ 58,625,313.00	₦ 68,286,473.95	₦ 84,365,337.39	₦ 103,798,313.11	₦ 124,018,937.19	₦ 144,269,908.56
NON CURRENT LIABILITIES										
Defined benefit Obligation	₦ 409,751.00	₦ 189,861.00	₦ 694,053.00	₦ 938,705.00	₦ 1,097,695.00	₦ 1,097,695.00	₦ 1,097,695.00	₦ 1,097,695.00	₦ 1,097,695.00	₦ 1,097,695.00
Long Term Borrowings	₦ 3,969,140.00	₦ 6,619,142.00	₦ 8,487,757.00	₦ 6,810,189.00	₦ 6,300,703.00	₦ 18,789,286.00	₦ 43,879,275.00	₦ 68,969,264.00	₦ 94,059,253.00	₦ 119,149,242.00
Deferred Income	₦ 126,608.00	₦ 59,481.00	₦ 682,697.00	₦ 466,365.00	₦ 466,365.00	₦ 466,365.00	₦ 466,365.00	₦ 466,365.00	₦ 466,365.00	₦ 466,365.00
Obligation under finance leases	₦ 462,074.00	₦ 432,440.00	₦ 186,531.00	₦ 186,529.00	₦ 186,529.00	₦ 186,529.00	₦ 186,529.00	₦ 186,529.00	₦ 186,529.00	₦ 186,529.00
Deferred tax liabilities	₦ 6,169,596.00	₦ 5,735,101.00	₦ 6,784,632.00	₦ 9,055,816.00	₦ 9,295,816.00	₦ 9,295,816.00	₦ 9,295,816.00	₦ 9,295,816.00	₦ 9,295,816.00	₦ 9,295,816.00
TOTAL NON CURRENT LIABILITIES	₦ 11,137,169.00	₦ 13,036,025.00	₦ 16,835,670.00	₦ 17,457,604.00	₦ 17,347,108.00	₦ 7,742,881.00	₦ 32,832,870.00	₦ 57,922,859.00	₦ 83,012,848.00	₦ 108,102,837.00
TOTAL LIABILITIES	₦ 24,111,670.00	₦ 35,086,106.00	₦ 43,121,954.00	₦ 42,717,541.00	₦ 75,972,421.00	₦ 60,543,592.95	₦ 51,532,467.39	₦ 45,875,454.11	₦ 41,006,089.19	₦ 36,167,071.56
EQUITY										
Share Capital	₦ 500,000.00	₦ 500,000.00	₦ 500,000.00	₦ 500,000.00	₦ 500,000.00	₦ 500,000.00	₦ 500,000.00	₦ 500,000.00	₦ 500,000.00	₦ 500,000.00
Share Premium	₦ 1,173,528.00	₦ 1,173,528.00	₦ 1,173,528.00	₦ 1,173,528.00	₦ 1,173,528.00	₦ 1,173,528.00	₦ 1,173,528.00	₦ 1,173,528.00	₦ 1,173,528.00	₦ 1,173,528.00
Retained earnings	₦ 20,156,005.00	₦ 22,440,193.00	₦ 26,256,085.00	₦ 29,518,014.00	₦ 45,385,738.00	₦ 56,530,626.73	₦ 69,451,012.45	₦ 84,885,194.87	₦ 103,740,053.98	₦ 127,088,933.34
Other reserves	₦ 45,003.00	₦ 60,621.00	₦ 41,737.00	₦ 140,088.00	₦ 140,088.00	₦ 140,088.00	₦ 140,088.00	₦ 140,088.00	₦ 140,088.00	₦ 140,088.00
TOTAL EQUITY	₦ 21,874,536.00	₦ 24,174,342.00	₦ 27,887,876.00	₦ 31,051,454.00	₦ 46,919,178.00	₦ 58,064,069.73	₦ 70,984,455.45	₦ 86,418,637.87	₦ 105,273,497.98	₦ 128,622,376.34
TOTAL EQUITY & LIABILITIES	₦ 45,986,206.00	₦ 59,260,448.00	₦ 71,009,830.00	₦ 73,768,995.00	₦ 122,891,599.80	₦ 118,607,659.68	₦ 122,516,919.85	₦ 132,294,088.98	₦ 146,279,583.17	₦ 164,789,444.91
CHECK	-1	0	0	0	3.00	3.00	3.00	3.00	3.00	3.00
AR DAYS	59	85	125	106	62	88	88	88	88	88
INVENTORY DAYS	289	268	174	166	110	201	201	201	201	201
AP DAYS	456	617	426	540	603	529	529	529	529	529



Arthur Stevens Assets Management Ltd.
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DEBT SCHEDULE

	2017A	2018A	2019A	2020A	2021A	2022F	2023F	2024F	2025F	2026F
Cash Balance @ Beginning of year (End of last year)						₦ 22,552,311	₦ 5,638,078	₦ 1,409,519	₦ 352,380	₦ 88,095
Plus: Free cash flow from Operating and Investing						₦ 5,200,586	₦ 19,158,610	₦ 22,290,296	₦ 26,625,427	₦ 32,367,570
Plus: Free cash flow from financing (BEFORE OVERDRAFT)						-₦ 31,298,687	-₦ 32,287,798	-₦ 33,688,207	-₦ 35,593,830	-₦ 38,097,400
Less: Minimum Cash Balance						₦ 5,638,078	₦ 1,409,519	₦ 352,380	₦ 88,095	₦ 22,024
Total Cash Available or Required from Overdraft						-₦ 9,183,868	-₦ 8,900,630	-₦ 10,340,772	-₦ 8,704,118	-₦ 5,663,759
Overdraft	₦ 3,174,048	₦ 6,867,291	₦ 7,093,237	₦ 6,364,154	₦ 2,265,575	₦ 11,449,443	₦ 20,350,073	₦ 30,690,844	₦ 39,394,962	₦ 45,058,722
DEBT										
Borrowings	₦ 1,371,973	₦ 5,179,745	₦ 9,155,154	₦ 6,425,272	₦ 25,089,989	₦ 25,089,989	₦ 25,089,989	₦ 25,089,989	₦ 25,089,989	₦ 25,089,989
Long term Borrowings	₦ 3,969,140	₦ 6,619,142	₦ 8,487,757	₦ 6,810,189	₦ 6,300,703	-₦ 18,789,286	-₦ 43,879,275	-₦ 68,969,264	-₦ 94,059,253	-₦ 119,149,242
Interest Expense										
Interest rate on Overdraft						8%	8%	8%	8%	8%
Interest rate on Long term Borrowing						11.50%	11.50%	11.50%	11.50%	11.50%
Interest Expense on Overdraft						₦ 548,601	₦ 1,271,981	₦ 2,041,637	₦ 2,803,432	₦ 3,378,147
Interest Expense on Long term Borrowings						₦ 2,167,255	-₦ 718,094	-₦ 3,603,442	-₦ 6,488,791	-₦ 9,374,140
TOTAL INTEREST EXPENSE						₦ 2,715,856	₦ 553,887	₦ 1,561,806	₦ 3,685,359	₦ 5,995,992



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PPE SCHEDULE

PP&E Category 1	2017A	2018A	2019A	2020A	2021A	PERIOD 1	PERIOD 2	PERIOD 3	PERIOD 4	PERIOD 5
Beginning Balance: PP&E						₦ 53,296,310	₦ 54,125,068	₦ 55,701,464	₦ 58,224,844	₦ 61,947,708
Plus: Capital Expenditures						₦ 3,677,446	₦ 4,657,983	₦ 5,899,965	₦ 7,473,104	₦ 9,465,696
Less Depreciation										
Asset Base						₦ 2,664,816	₦ 2,664,816	₦ 2,664,816	₦ 2,664,816	₦ 2,664,816
Period 1						₦ 183,872.30	₦ 183,872.30	₦ 183,872.30	₦ 183,872.30	₦ 183,872.30
Period 2							₦ 232,899	₦ 232,899	₦ 232,899	₦ 232,899
Period 3								₦ 294,998	₦ 294,998	₦ 294,998
Period 4									₦ 373,655	₦ 373,655
Period 5										₦ 473,285
Total Depreciation						₦ 2,848,688	₦ 3,081,587	₦ 3,376,585	₦ 3,750,240	₦ 4,223,525
Ending Balance:PP&E						₦ 54,125,068	₦ 55,701,464	₦ 58,224,844	₦ 61,947,708	₦ 67,189,878



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DIVIDEND SCHEDULE

CASH DIVIDEND ASSUMPTIONS	2017A	2018A	2019A	2020A	2021A	2022F	2023F	2024F	2025F	2026F
Net Income	₦ 5,726,205.00	₦ 4,284,188.00	₦ 3,838,746.00	₦ 5,261,929.00	₦ 18,867,726.00	₦ 17,353,587.16	₦ 20,118,194.56	₦ 24,032,400.53	₦ 29,358,699.66	₦ 36,356,290.58
Dividend Payout Ratio	-26%	-47%	-52%	-38%	-16%	-36%	-36%	-36%	-36%	-36%
CASH DIVIDENDS						-₦ 6,208,698.43	-₦ 7,197,808.84	-₦ 8,598,218.11	-₦ 10,503,840.55	-₦ 13,007,411.22



DCF ANALYSIS

FREE CASH FLOW (FCF)	2022F	2023F	2024F	2025F	2026F
EBIT	₦ 23,480,416	₦ 29,816,429	₦ 37,841,847	₦ 48,007,123	₦ 60,882,821
Tax	-₦ 7,928,561	-₦ 10,068,023	-₦ 12,777,941	-₦ 16,210,420	-₦ 20,558,117
Tax Rate	-34%	-34%	-34%	-34%	-34%
TAX EFFECTED EBIT	₦ 15,551,855	₦ 19,748,406	₦ 25,063,905	₦ 31,796,704	₦ 40,324,704
Plus:					
Depreciation:	₦ 2,848,688	₦ 3,081,587	₦ 3,376,585	₦ 3,750,240	₦ 4,223,525
Less :					
Capital Expenditures	-₦ 3,677,446.00	-₦ 4,657,983.00	-₦ 5,899,965.00	-₦ 7,473,104.00	-₦ 9,465,696.00
Change in Working Capital	-₦ 11,324,242.75	₦ 616,811.38	₦ 781,275.03	₦ 989,590.49	₦ 1,253,450.19
FREE CASH FLOW	₦ 3,398,854.28	₦ 18,788,821.34	₦ 23,321,800.36	₦ 29,063,430.56	₦ 36,335,982.98

PRESENT VALUE OF CASH FLOWS (PV OF CF)	2022F	2023F	2024F	2025F	2026F
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
DISCOUNT FACTOR	0.90	0.81	0.73	0.65	0.59
PRESENT VALUE OF CASHFLOWS	₦ 3,056,060.14	₦ 15,190,016.27	₦ 16,953,139.15	₦ 18,996,092.69	₦ 21,354,217.84

PRESCO VALUE: PERPETUITY GROWTH RATE METHOD

GROWTH RATE IN PERPETUITY	4%						
WACC	11.2%						
		PV of CF	+	PV OF TERMINAL VALUE	=	FIRM VALUE	
		₦ 75,549,526		₦ 307,729,001		₦ 383,278,527	
							PERPETUITY MARKET CAP
							₦ 383,278,526,852 ₦ 133,000,000,000
							₦ 383.28 ₦ 133

PRESCO VALUE: EBITDA MULTIPLE METHOD

EBITDA MULTIPLE	2						
WACC	11.2%						
		PV of CF	+	PV OF TERMINAL VALUE	=	FIRM VALUE	
		₦ 75,549,526		₦ 76,524,425		₦ 152,073,951	
							EBITDA MARKET CAP
							₦ 152,073,950,824 ₦ 133,000,000,000
							₦ 152 ₦ 133
							EBITDA Market Price



TECHNICAL PRICE VALUATION

Ichimoku Cloud Indicator

Ichimoku is a trend following System that means "one glance equilibrium". Once a trader is familiar with the components of the system, it should take no more than a glance to decide if Bullish or Bearish with following components:

Tenkan: Highest high (Lowest Low) price of 9 months divided by two and provides minor Support or Resistance for price in uptrend (Downtrend).

Kijun: Highest high (Lowest Low) of 26 months divided by two and provides Minor Support or Resistance for price in Uptrend (Downtrend).

Chikou: Previous price resistance or support of 26 months.

Senkou A: Shows price as the sum of Tenkan and Kijun divided by 2.

Senkou B: Shows price as the highest and lowest of the previous 52 months divided by 2.

Current Market Trend: STRONG BULLISH

Market Price: NGN143.85

Highest Price (Resistance): N/A

Chikou (Resistance): NGN N/A

Tenkan (Support): NGN 106.95

Kijun: (Support) NGN 88.71

Senkou A: NGN 97.95

Senkou B: NGN 72.72



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PIVOT PRICES

Pivots are readily available price based technical indicators that have been used by floor traders for decades. They are mathematically calculated support and resistance lines using a mathematical formula which includes the **HIGH, LOW and CLOSE of the previous period. 3 Resistance prices, 3 support prices and one Central Pivot (Average) price is gotten. The central Pivot (Average) has the most weight of these seven prices.** Below are the Pivot Prices for Presco Plc on a Monthly time period

CENTRAL PIVOT (AVERAGE PRICE): NGN 122.85

RESISTANCE PRICE 1: NGN 143.01

RESISTANCE PRICE 2: NGN 153.08 (CLOSE TO OUR VALUATION PRICE)

RESISTANCE PRICE 3: NGN 173.24 (STRONGEST RESISTANCE PRICE)

SUPPORT PRICE 1: NGN 112.78

SUPPORT PRICE 2: NGN 92.62

SUPPORT PRICE 3: NGN 82.55



DIVIDEND & SHARE APPRECIATION

Under the period under consideration (2017-2021), the firm has consistently paid dividend and maintained this as its dividend policy. For the year 2021 we expect a significantly higher dividend to be paid due to its large amount of Net Income made. However a dividend payout decision is yet to be made. We are optimistic that if revenue stays as predicted, the firm will pay slightly higher in the following years as seen in the dividend schedule above and may eventually double this payout ratio.

OUTLOOK

We expect to see firm's performance improve on the back of the opportunity brought about by the Russia and Ukraine war. Sunflower oil is majorly supplied by Russia and Ukraine and due to the extremely high prices, Crude palm which is its close substitute to this commodity would be in strong demand. Additionally, it is one of the items on the central banks import restricted items; it has strong demand by producers as well as individual and home consumption. Presco being one of the two major players in this space will see their profits rise in a few years to come, starting from this year.

VALUATION

We utilized a Discounted Cash Flow (EBITDA EXIT) method due to its suitability for the firm's current situation. We also used technical trend indicator (**Ichimoku Cloud**) to check the trend and direction of the share price as well as **Pivot prices** to know possible **Resistance and Support prices**.

- We set a target price of **N152.07k** on the stock and recommend a buy on the ticker based on our **Fundamental Valuation**.
- **Our Sentimental valuation** brings us to believe that with the CBN restriction on import of this commodity and the Eastern Europe war, would lead to higher purchase of crude palm and derivatives from this player both within and from outside the country; it is a **BUY**.
- **Our technical valuation** with possible resistance prices at **N153.07 and N173.24** and a technical average price of **N122.85**, means a purchase at the current market price of **N142** an **8% (N153.07) or 22% (N173.24) Return** is likely ignoring transaction costs.



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Analyst Certification, Important Disclosure and Disclaimer

Analyst Certification

The research analysts who prepared this report certify as follows:
That all of the views expressed in this report articulate the research analyst(s) independent views/opinions regarding the companies, securities, industries or markets discussed in this report.

That the research analyst(s) compensation or remuneration is in no way connected (either directly or indirectly) to the specific recommendations, estimates or opinions expressed in this report.

Investment Rating Criteria and Disclosure

Arthur Steven Asset Management adopts a 3-tier recommendation system for assets under our coverage: Buy, Hold and Sell. These generic ratings are defined below;

Buy: Based on our valuation and subjective view (if any), the total return upside on the stock's current price is greater than our estimated cost of equity.

Hold: Based on our valuation and subjective view (if any), the total return upside on the stock's current price is less than the cost of equity, however, the expected total return on the stock is greater than or equal to the Standing Deposit Facility rate of the Central Bank of Nigeria (which is currently MPR – 11.5%). We consider this as the minimum return that may deserve our holding of a risk asset, like equity.

Sell: Based on our valuation and subjective view (if any), the total return upside on the stock's current price is less than the Standing Deposit Facility rate of the Central Bank of Nigeria (which is currently MPR – 11.5%). We consider this as the minimum return that may deserve our holding of a risk asset, like equity, especially as we consider the average 4.5% total transaction cost for an average retail investor.

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