

# Earnings Flash

Friday July 31, 2020



## NESTLE Plc: PAT Dips by 16.84% to N21.83 bn in HY-2020

Nestle Plc. HY'2020 results showed that revenue dipped by 0.62% from N141.91 bn in HY'2019 to N141.03 bn in HY'2020. Similarly, gross profit went down by 7.93% to N60.84 bn in HY'2020 from N66.08 bn in HY'2019. The decline in gross profit was driven by the fall in revenue and by a 5.75% hike in cost of sales. Profit from operations declined by 15.10% from N40.43 bn in HY'2019 to N34.33 bn in HY'2020, due to a 50.68% increase in administrative expenses. Profit before tax fell by 16.26% to N33.86 bn in HY'2020 from N40.44 bn in HY'2019, on the back of a 47.03% decline in finance income and a 5.48% rise in finance costs. In the same vein, profit after tax declined by 16.84% from N26.25 bn in HY'2019 to N21.83 bn in HY'2020, despite a 16.48% decline in income tax expense. Consequently, earnings per share fell by 16.85%, from N33.11 in HY'2019 to N27.53 in the current period. Nestle currently trades at N1,175.00

### Financial Highlights

	HY-2020	HY-2019	
Financials	(N' 000)	(N' 000)	% Change
Revenue	141,025,093	141,909,053	-0.62%
Cost of Sales	-80,187,960	-75,828,436	5.75%
<b>Gross Profit</b>	60,837,133	66,080,617	-7.93%
Marketing and distribution expenses	-19,932,317	-21,281,300	-6.34%
Administrative expenses	-6,577,411	-4,365,135	50.68%
<b>EBIT/operating profit</b>	34,327,405	40,434,182	-15.10%
Finance Income	472,028	891,095	-47.03%
Finance costs	-937,356	-888,676	5.48%
<b>Profit before taxation</b>	33,862,077	40,436,601	-16.26%
Taxation	-12,037,041	-14,190,447	-15.18%
<b>Profit after taxation</b>	21,825,036	26,246,154	-16.84%
<b>EPS</b>	27.53	33.11	-16.85%

### Key Multiples/Ratios

▪ Book Value Per Share-	39.95
▪ Gross Profit Margin	43.14%
▪ Net Profit Margin-	15.48%
▪ Return on Equity-	68.92%
▪ Return on Asset-	11.28%
▪ Price to Book Value-	29.41%
▪ Price to Earnings Ratio-	21.34x
▪ Current Shares Outstanding-	792.66 million

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