

Earnings Flash

Friday July 31, 2020



Presco Plc. HY'2020: PBT and PAT Grew by 67.71% and 70.51%, Respectively

Presco's results for HY'2020 revealed that revenue increased by 29.35% from N10.41 bn in HY'2019 to N13.46 bn in the current period. Similarly, gross profit went up by 32.10% to N9.04 bn in HY'2020 from N6.85 bn in HY'2019, despite a 24.06% surge in cost of sales. In the same vein, operating profit increased by 51.73% from N4.35 bn in HY'2019 to N6.60 bn in the current period. The growth recorded in the operating profit was supported by reductions in key expenditure line items, such as; the administrative expenses and selling and distribution expenses, which both declined by 21.01% and 18.00%, respectively. Profit before tax rose by 67.71% to N5.77 bn in HY'2020 from N3.44 bn in HY'2019, supported by an 8.64% decline in finance cost. Profit after tax advanced by 70.51% from N2.58 bn in HY'2019 to N4.39 bn in HY'2020. Consequently, earnings per share grew by 70.82%, from N2.57 in HY'2019 to N4.39 in HY'2020. Presco currently trades at N47.45.

Financial Highlights

	HY-2020	HY-2019	
Financials	(N' 000)	(N' 000)	% Change
Revenue	13,458,422	10,404,610	29.35%
Cost of Sales	-4,416,849	-3,560,265	24.06%
Gross Profit	9,041,573	6,844,345	32.10%
Administrative expenses	-1,895,280	-2,399,306	-21.01%
Selling and distribution expenses	-184,403	-224,881	-18.00%
Other gains and losses	-363,223	-12,719	2755.75%
Other operating income	3,748	143,890	-97.40%
Operating Profit	6,602,415	4,351,329	51.73%
Finance cost	-831,799	-910,449	-8.64%
Profit before taxation	5,770,616	3,440,880	67.71%
Income tax expense	-1,380,606	-866,268	59.37%
Profit after taxation	4,390,010	2,574,612	70.51%
Basic EPS	4.39	2.57	70.82%

Key Multiples/Ratios

▪ Book Value Per Share-	N32.28
▪ Operating Margin	67.18%
▪ Net Profit Margin-	32.62%
▪ Return on Equity-	13.60%
▪ Return on Asset-	6.25%
▪ Price to Book Value-	1.47x
▪ Price to Earnings Ratio-	5.40x
▪ Current Shares Outstanding-	1.00 billion

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