

Livestock Feeds Plc, a company principally engaged in the manufacturing and marketing of animal feeds and concentrates, on Monday, 26th July 2021, released its Half-year 2021 earnings results. According to the result released, the company grew both in Revenue and Net-profit, amidst heightened insecurity and inflation rates.

The company grew in Revenue by 42.32% to ₦7.00Bn in H1'21, from ₦4.92Bn, following the 68.86% uprise in sales of animal feeds to the southern part of the country. While the sales to the Northern part of the country declined by 32.29% due to an increase in the rate of insecurities in the region.

On the expense side, the company decline in Selling & Distribution Expenses by 33.44% from ₦137.35Mn in H1'20 to ₦91.42Mn in H1'21. While, the Administrative Expenses rose by 27.81% to ₦224.92Mn from ₦175.98Mn in H1'20, which was mainly impacted by high staff benefit and Internet/e-mail charges.

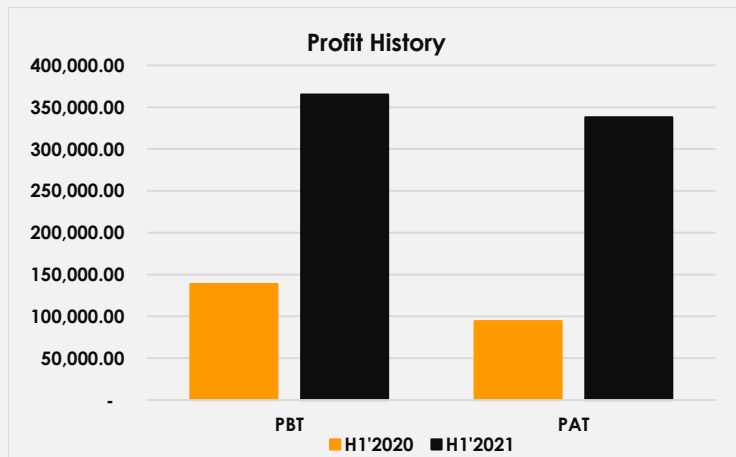
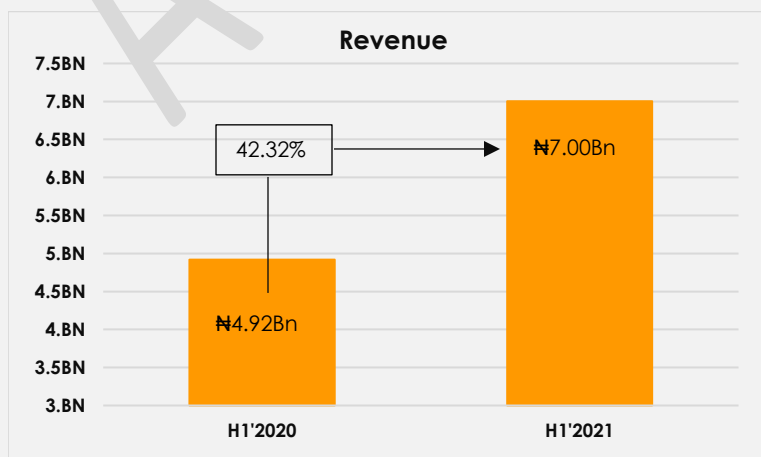
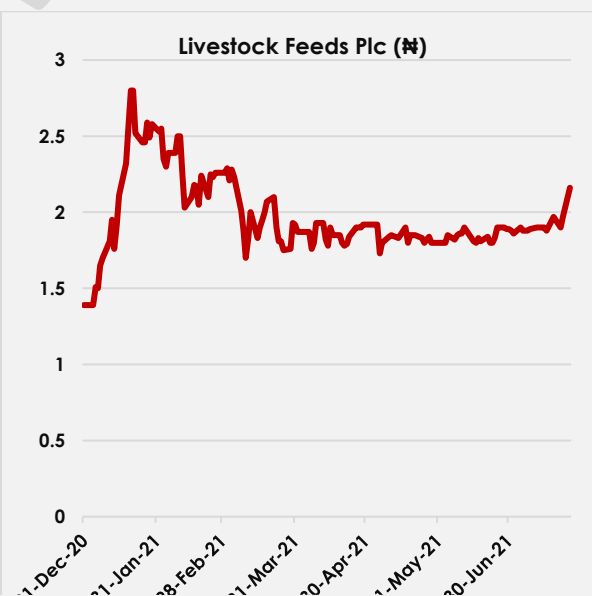
As a result of high Revenue generation and low Distribution Cost, the Company's Profit-Before-Tax (PBT) and Profit-After-Tax (PAT) grew by 163.21% and 258.21% to ₦365.16Mn and ₦337.92Mn respectively in H1'21.

Consequently, the Investors Earnings (Earnings-Per-Share) within H1'21, claimed to ₦0.11, representing 258.6% growth, as against ₦0.03 in the corresponding period of 2020.

The Company's Return-on-Asset and Return-on-Equity both increased significantly to 5.80% and 14.02% respectively in H1'21, compared to 2.55% and 5.67% in H1'20.

Going forward, we expect the company to sustain its impressive performance in H2'21; favoured by an increase in economic activities, increase in the sales cost of animal feeds which we believe will positively affect the company's Revenue. Hence, we review our 12-month target price for the stock to ₦2.56, representing a 18.5% upside potential compared to the close price of ₦2.16 on Monday, 26th July 2021.

Company	LIVESTOCK FEEDS PLC	
Valuation	H1'2021	H1'2020
EPS	0.11	0.03
BVPS	0.80	0.55
P/E	19.18	19.72
P/BV	2.69	1.12
Current Price	2.16	0.62
Key Metrics		
ROA	5.80%	2.55%
ROE	14.02%	5.67%
Debt to Equity	1.03	0.59
Current Ratio	1.46	1.43
Net Profit Margin	4.83%	1.92%
Asset Turnover	1.20	1.33
Shares Statistics (Share out & Mkt Cap in Mn)		
Yr Hi	₦3.08	
Yr Low	₦0.55	
YTD Return	55.40%	
Shares Outstanding	3,000	
Market Cap	₦5,910.00	



Profit & Loss Account	H1'2020	H1'2021	y/y Growth
Revenue	4,919,611.00	7,001,744.00	42.32%
Cost of Sales	(4,415,110.00)	(6,199,510.00)	40.42%
Gross Profit	504,501.00	802,234.00	59.02%
Operating Expenses	(330,546.00)	(332,320.00)	0.54%
Operating Profit	220,705.00	479,520.00	117.27%
Investment Income	180.00	-	100.00%
Finance Cost	(82,153.00)	(114,363.00)	39.21%
PBT	138,731.00	365,157.00	163.21%
Tax Expenses	(44,394.00)	(27,236.00)	-38.65%
PAT	94,337.00	337,921.00	258.21%

Balance Sheet	H1'2020	H1'2021	
Inventories	2,388,736.00	4,145,311.00	73.54%
Trade and Other Receivables	328,107.00	376,495.00	14.75%
Cash and Cash Equivalent	156,463.00	381,153.00	143.61%
Property Plant and Equipment	789,785.00	825,872.00	4.57%
Intangible assets and goodwill	36.00	1,738.00	4727.78%
Current Assets	2,907,232.00	4,998,680.00	71.94%
Total Assets	3,697,057.00	5,826,289.00	57.59%
Shareholders Fund	1,663,929.00	2,410,699.00	44.88%
Trade and Other Payables	956,299.00	861,618.00	-9.90%
Loans and Borrowings	976,657.00	2,493,367.00	155.30%
Current Liabilities	2,033,127.00	3,415,589.00	68.00%
Total Liabilities	2,033,127.00	3,415,589.00	68.00%

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