

NESTLE records 0.43% decline in PAT, as decline in foreign sales impact negatively.

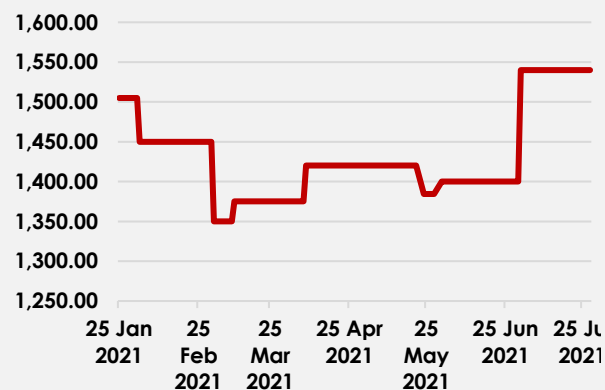
NESTLE recorded a marginal decline in profit after tax as the food beverage company posted N21.73 Bn in 2021 H1 compared to N21.82 Bn in 2020 H1. Revenue grew by 21.57% in 2021 H1 to N171.43 Bn from N141.02 Bn in 2020 H1. However, a slump in foreign sales by 25.91% was higher than the growth in local sales, impacting the company's profitability negatively.

Meanwhile, in H1'2021, NESTLE recorded a whopping jump in borrowings and finance costs in order to shore up its working capital position growing both by 737.13% and 262.15%, respectively, after a devastating 2020. Borrowings stood in 2020 H1 stood at N5.85 Bn compared to N51.90 Bn in 2021 H1 while finance cost stood at N3.28 Bn in 2021 H1 compared to N935.37 Mn in 2020 H1.

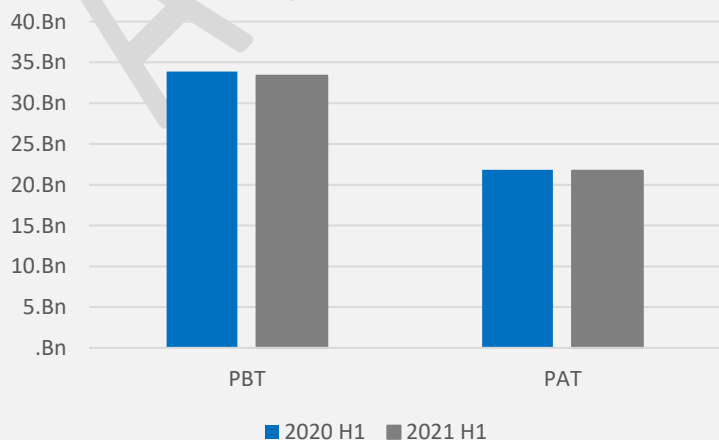
However, despite posting a reduced net profit margin of 19.47% in 2021 H1, the consumer goods giant was able to improve a lot of investors' confidences after recording a 95.15% return on equity compared to the 68.92% recorded in 2020 H1. We expect positive sentiment to trail the stock as economic activities continue to increase, despite the increasing cost of wheat in the global market.

Company Valuation	NESTLE	
	2020 H1	2021 H1
EPS	27.53	27.42
BVPS	39.95	28.81
P/E	45.62	56.17
P/BV	31.44	53.45
Current Price	1,256.00	1,540.00
Key Metrics		
ROA	11.28%	8.27%
ROE	68.92%	95.15%
Debt to Equity	0.18	2.27
Current Ratio	0.79	1.01
Net Profit Margin	24.01%	19.47%
Asset Turnover	0.73	0.65
Shares Statistics		
Yr Hi	₦1,540.00	
Yr Low	₦1,175.00	
YTD Return	2.33%	
Shares Outstanding	792,656,252.00	
Market Cap	1,220,690,628,080.00	

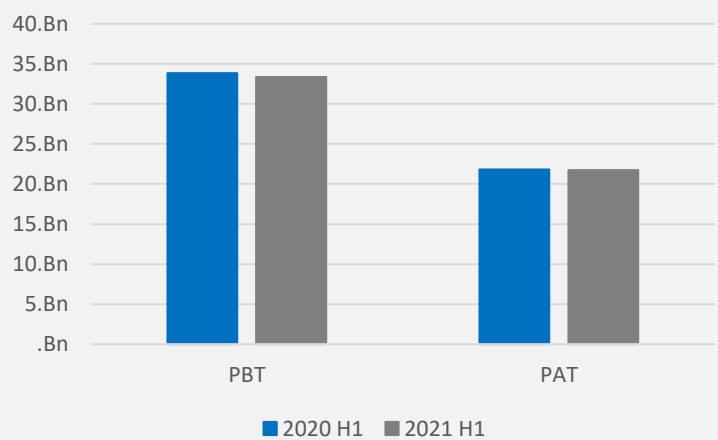
NESTLE YTD



Profit History



Profit History



Financial Highlights (NGN Thousands) NESTLE
2021 H1

Profit & Loss Account	2020 H1	2021 H1	y/y Growth
Revenue	141,025,093.00	171,439,748.00	21.57%
Cost of Sales	(80,187,960.00)	(105,006,102.00)	30.95%
Gross Profit	60,837,133.00	66,433,646.00	9.20%
Operating Expenses	(26,509,728.00)	(30,104,694.00)	13.56%
Operating Profit	34,327,405.00	36,328,952.00	5.83%
Investment Income	472,028.00	444,624.00	-5.81%
Finance Cost	(937,356.00)	(3,394,665.00)	262.15%
PBT	33,862,077.00	33,378,912.00	-1.43%
Tax Expenses	(12,037,041.00)	(11,647,247.00)	-3.24%
PAT	21,825,036.00	21,731,665.00	-0.43%
Balance Sheet	2020 H1	2021 H1	
Inventories	42,620,821.00	49,984,153.00	17.28%
Trade and Other Receivables	40,085,663.00	28,471,182.00	-28.97%
Cash and Cash Equivalent	23,340,265.00	88,335,392.00	278.47%
Property Plant and Equipment	77,333,034.00	85,894,138.00	11.07%
Current Assets	108,657,927.00	169,631,561.00	56.12%
Total Assets	193,551,291.00	262,793,046.00	35.77%
Shareholders Fund	31,669,494.00	22,839,400.00	27.88%
Trade and Other Payables	106,396,375.00	137,777,369.00	29.49%
Loans and Borrowings	5,850,940.00	51,905,334.00	787.13%
Current Liabilities	137,842,565.00	167,899,638.00	21.81%
Total Liabilities	161,881,796.00	239,953,643.00	48.23%

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