

### Transcorp Increases Profit by 671%, Moves to Gain Investors' Confidence

A leader in the Nigeria Conglomerate sector, Transnational Corporation of Nigeria Plc (TRANSCORP), on Wednesday, 27th October 2021, published its 9M'21 financial result for the period ended 30th September 2021. According to the published report, the company reported 57.4% and 671.2% growth in Top and Bottom Line, compared to the corresponding period of 2020.

In detail, the company reported a 57.4% increase in Turnover from ₦54.4Bn in 9M'20 to ₦85.6Bn in 9M'21, following the increase in revenue generated in all of its sources of income such as Energy (55.6%), Capacity Charge (38.4%), Food and Beverages (141.5%) and Other Operating Revenue (150.4%), amongst others. This could be attributed to the general increase in goods and services on the back of the high inflationary rate.

Similarly, Operating Expenses rose significantly by 41.9% to ₦12.8Bn in 9M'21 (vs ₦9.00Bn in 9M'20). This was impacted by the 35.8% increase in Administrative Expenses to ₦12.2Bn (vs ₦9.00 in 9M'20) and ₦26.2Mn Loss on Other Losses.

The company Net Finance Cost declined slightly by 3.3% to ₦1.3Bn in 9M'21 as against ₦1.7Bn in the corresponding period of 2020.

As a result of the increase in Revenue and slow increase in the Operating Expenses, the company was able to record a significant 599.5% and 671.2% in Profit-Before Tax (PBT) and Profit-After Tax (PAT) to ₦14.1Bn and ₦13.5Bn in 9M'21, respectively as against ₦2.0Bn and ₦1.7Bn in 9M'20.

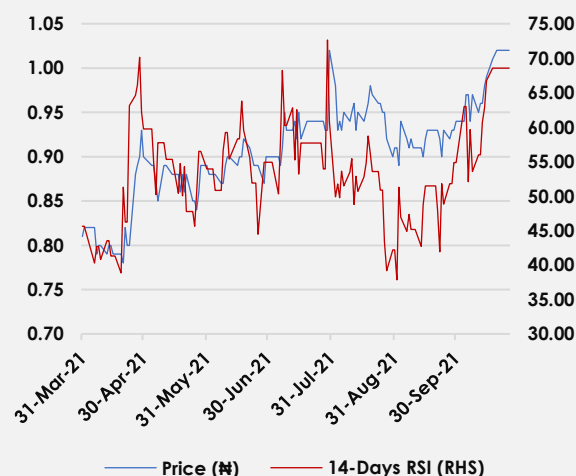
Consequently, by the profit of ₦7.1Bn attributed to the parent owners of the company compared to ₦1.4Bn loss attributed in 9M'20, the investors' earnings jumped by 700% to ₦0.18 from a loss of ₦0.03 in 9M'20.

The company's Return on Asset (ROA) improved significantly to 3.79%, which implies that the company utilized its Assets to generate profit compared to the prior period of 2020.

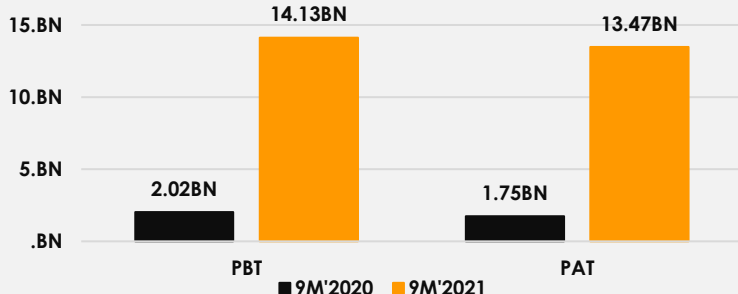
Finally, we reviewed our target price for the stock from ₦1.12 to ₦1.18, which represents an upside potential of 12.38% as against the ₦1.05 closing price on Thursday, 28th October 2021.

Company Valuation	TRANSCORP PLC	
	9M'2020	9M'2021
EPS	-0.03	0.18
BVPS	2.75	3.12
P/E	-20.89	5.80
P/BV	0.26	0.33
Current Price	0.71	1.02
<b>Key Metrics</b>		
ROA	0.57%	3.79%
ROE	1.56%	10.61%
Debt to Equity	0.71	0.85
Current Ratio	0.98	1.19
Net Profit Margin	3.21%	15.74%
Asset Turnover	0.18	0.15
<b>Shares Statistics</b>		
Yr Hi	₦1.40	
Yr Low	₦0.60	
YTD Return	13.33%	
Shares Outstanding	40,647.99Mn	
Market Cap	41,460.95Mn	

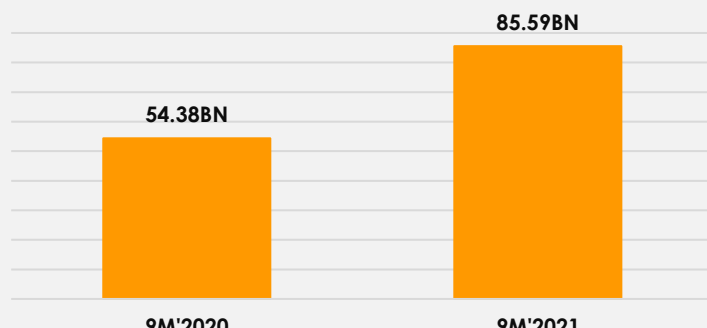
Transcorp Technical Analysis



Profit History (₦')



Revenue (₦)



## Financial Highlights (₦'000) TRANSCORP Plc 9M'2021

Profit & Loss Account	9M'2020	9M'2021	Y/Y Growth
<b>Revenue</b>	<b>54,378,464</b>	<b>85,587,511</b>	<b>57.39%</b>
Cost of Sales	(31,655,257)	(46,222,004)	46.02%
<b>Gross Profit</b>	<b>22,723,207</b>	<b>39,365,507</b>	<b>73.24%</b>
Operating Expenses	(8,996,019)	(12,768,223)	41.93%
Operating Profit	15,538,073	27,525,068	77.15%
Investment Income	(1,838,533)	(2,105,145)	
Finance Cost	(11,679,996)	(11,293,312)	-3.31%
<b>PBT</b>	<b>2,019,544</b>	<b>14,126,611</b>	<b>599.50%</b>
Tax Expenses	(273,328)	(659,118)	141.15%
<b>PAT</b>	<b>1,746,216</b>	<b>13,467,493</b>	<b>671.24%</b>
Balance Sheet	9M'2020	9M'2021	Y/Y Growth
Inventories	46,687,888	4,612,350	-90.12%
Trade and Other Receivables	92,035,080	105,032,381	14.12%
Cash and Cash Equivalent	4,751,804	9,705,393	104.25%
Property Plant and Equipment	157,092,504	156,739,707	-0.22%
Intangible assets and goodwill	41,647,237	41,203,727	-1.06%
Current Assets	102,299,034	120,073,732	17.38%
<b>Total Assets</b>	<b>306,224,489</b>	<b>355,549,182</b>	<b>16.11%</b>
<b>Shareholders Fund</b>	<b>111,969,583</b>	<b>126,965,253</b>	<b>13.39%</b>
Trade and Other Payables	80,458,044	89,663,358	11.44%
Loans and Borrowings	79,064,572	108,460,639	37.18%
Current Liabilities	104,878,674	100,786,840	-3.90%
<b>Total Liabilities</b>	<b>194,254,906</b>	<b>228,583,929</b>	<b>17.67%</b>

### Contact Information

Analyst

[obaanu@atlassportfolios.com](mailto:obaanu@atlassportfolios.com)

08103774799