



Earnings Update: FIDSON HEALTHCARE PLC Q2-2021

09 August 2021

Revenue Growth trumps Costs to boost overall Performance

WHAT WE LIKE ABOUT THE RESULT

- Revenue grew significantly by 47.6% y/y to ₦6.6 billion largely driven by a 72.4% increase in sales of Ethical Products compared to similar period last year.
- Gross Profit improved by 67.7% y/y to settle at ₦3.1 billion from ₦1.8 billion despite the 33.5% increase in Cost of Sales.
- 29.7% decline in Net Finance Costs due to increase in Finance Income and the substitution of Interest-bearing Loans and Borrowings with high interest rates for short-term borrowings with low interest rates.
- Increase in Profit lines (PBT and PAT both increased by 75.1% apiece to ₦897.8 million and ₦610.5 million, respectively) and Net Profit Margin.
- Total Assets grew by 16.9% to ₦31.8 billion as at Q2-2021 compared to the ₦27.2 billion recorded in FY 2020.

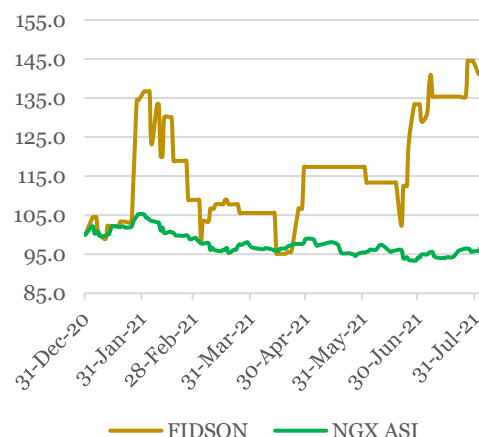
WHAT WE DID NOT LIKE ABOUT THE RESULT

- Increase in Net Operating Expenses by 116.1% to ₦2.3 billion from ₦1.1 billion (but not sufficient to tamper with the improvements in Profit Margins).
- The company would have had a decline in Cashflow from Operating activities if not for the proceeds from the Commercial Papers issued during the period which should have been an item under Financing activities.

Kindly click [here](#) for the full financial statement.

TICKER	FIDSON
Price (₦) on 06 Aug. 2021	6.35
Shares Outstanding	2,086,360,250
PE Ratio	9.87
Entry Price 1 (₦)	6.00
Entry Price 2 (₦)	5.50
Exit Price 1 (₦)	6.50
Exit Price 2 (₦)	6.35
Expected Return 1 (%)	8.33%
Expected Return 2 (%)	15.45%
Rating	BUY

REBASED YTD PRICE MOVEMENT IN FIDSON & NGX ASI



Source: Investing, PSL Research

Disclaimer

This report has been prepared by the Research Department of Parthian Securities Limited using sources believed to be reliable, trustworthy and factually accurate. However, the Research Department has not independently verified these sources of information and does not vouch the accuracy of these information. No guarantee is given as to the independence of the sources themselves. Readers intending to act upon the contents of this report are advised to make their own enquiries.

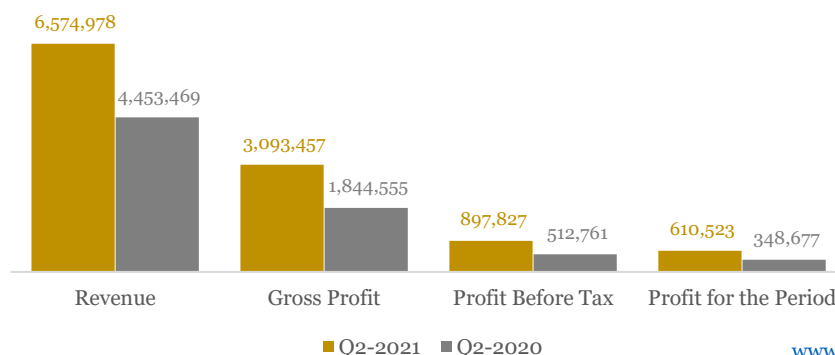


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INCOME STATEMENT	Q2-2021	Q2-2020	Change (%)
Revenue	6,574,978	4,453,469	47.64%
Cost of sales	(3,481,521)	(2,608,913)	33.45%
Gross profit	3,093,457	1,844,555	67.71%
Other operating income	354,015	86,959	307.11%
Administrative expenses	(1,417,413)	(629,316)	125.23%
Selling and distribution expenses	(883,173)	(435,081)	102.99%
Operating Expenses	(2,300,586)	(1,064,397)	116.14%
Operating profit	1,146,886	867,117	32.26%
Finance costs	(285,862)	(358,787)	-20.33%
Finance income	36,803	4,431	730.58%
Profit before tax	897,827	512,761	75.10%
Income tax provision	(287,305)	(560,035)	-48.70%
Profit for the Period	610,523	348,677	75.10%
BALANCE SHEET	H1-2021	Dec-2020	Change (%)
Non-current assets	14,755,500	14,228,780	3.70%
Current assets	17,086,055	13,013,704	31.29%
Trade and other receivables	2,838,582	2,731,272	3.93%
Total assets	31,841,554	27,242,484	16.88%
Equity	11,729,510	10,539,435	11.29%
Non-current liabilities	8,398,672	7,154,244	17.39%
Current liabilities	11,713,371	9,548,805	22.67%
Trade and other payables	4,039,028	2,177,568	85.48%
Interest bearing loans and borrowings	1,987,122	6,636,269	-70.06%
Total liabilities	20,112,044	16,703,048	20.41%
CASH FLOW STATEMENT	Q2-2021	Q2-2020	Change (%)
Net cash from operating activities	6,155,464	1,656,827	271.52%
Net cash used in investing activities	(1,348,045)	(408,325)	230.14%
Net cash used in financing activities	(4,218,897)	2,560,053	-264.80%

KEY FINANCIAL DATA (₦ MILLIONS)



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