



Earnings Update: LAFARGE NIGERIA PLC Q2-2021

Topline Performance Bolstered by Sector-Wide Demand Recovery

29 July 2021

WHAT WE LIKE ABOUT THE RESULT

- 29.4% growth in Revenue which may be driven by the low base in Q2-2020 resulting from the COVID-19 Lockdown
- Gross Profit rose by 20.2% y/y to ₦28.9 billion. However, there was a slight decline in Gross Profit Margins to 39.4% from 42.4%.
- Profit After Tax (PAT) increased by 25.7% valued at ₦19.2 billion. Although there was a slight decline in PAT Margin to 26.1%.
- Significant decline in Net Finance Costs by 79.6% to ₦365.2 million driven by increase in Finance Income and significant decline in Loans and Borrowings.
- 31.4% increase in Trade and Other Payable evidencing quality use of Credit arrangements with Suppliers.
- Significant increase in Cashflow from Operations by 68.9% worth ₦54.8 billion driven by good use of Net Working Capital.

WHAT WE DID NOT LIKE ABOUT THE RESULT

- Operational Costs pressures driven mainly by the 50.4% y/y increase in Administrative Expenses to ₦5.6 billion compared to ₦3.9 billion in the previous year.
- 23.7% increase in Inventories due to a significant pile up in Raw Materials.

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

TICKER	WAPCO
Price (₦) on 29 July 2021	22.90
Shares Outstanding	16,107,795,496
P/E	7.99
Entry Price 1 (₦)	20.00
Entry Price 2 (₦)	22.00
Exit Price 1 (₦)	24.40
Exit Price 2 (₦)	26.50
Expected Return 1 (%)	22.00
Expected Return 2 (%)	20.45
Rating	BUY

REMARKS

Increasing activities in infrastructure development, improving earnings and undervalued stock price.

REBASED YTD PRICE MOVEMENT IN WAPCO AND 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.

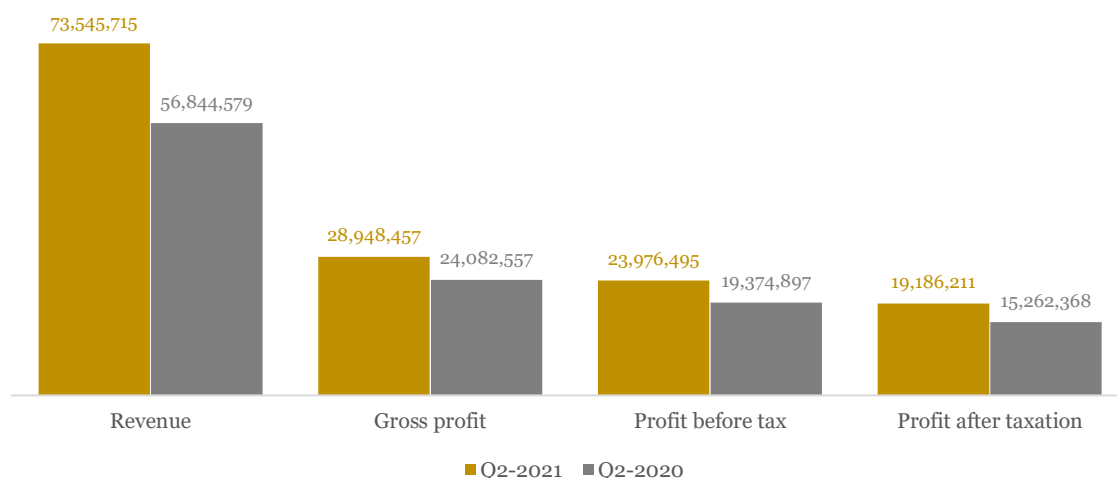


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INCOME STATEMENT	Q2-2021	Q2-2020	Change (%)
Revenue	73,545,715	56,844,579	29.38%
Cost of sales	-44,597,258	-32,762,022	36.12%
Gross profit	28,948,457	24,082,557	20.21%
Selling and marketing expenses	-703,743	-711,163	-1.04%
Administrative expenses	-4,867,720	-3,237,568	50.35%
Other income	145,415	1,082,527	-86.57%
Operating profit	23,514,802	21,168,230	11.09%
Finance income	191,142	155,905	22.60%
Finance Cost	-556,328	-1,949,238	-71.46%
Profit before tax	23,976,495	19,374,897	23.75%
Income tax expense	-4,790,284	-4,112,529	16.48%
BALANCE SHEET	Q2-2021	Dec-2020	Change (%)
Total current assets	116,532,989	103,071,266	13.06%
Total non-current assets	395,184,627	404,142,709	-2.22%
Total assets	511,717,616	507,213,975	0.89%
Total equity	371,853,291	359,638,502	3.40%
Total non-current liabilities	18,542,583	20,019,396	-7.38%
Total current liabilities	121,321,742	127,556,077	-4.89%
Total liabilities	139,864,325	147,575,473	-5.23%
CASH FLOW STATEMENT	Q2-2021	Q2-2020	Change (%)
Operating Activities	54,824,920	32,466,504	68.87%
Investing Activities	-3,615,244	-5,092,010	-29.00%
Financing Activities	-46,718,589	-14,473,957	222.78%

KEY FINANCIAL DATA



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