



Earnings Update: NASCON ALLIED IND. PLC Q2-2021

27 July 2021

Pressures from Operating Expenses Drags Overall Performance

WHAT WE LIKE ABOUT THE RESULT

- There was a 20.7% y/y growth in Revenue to ₦9.2 billion from ₦7.7 billion in Q2-2020.
- Looking at the half year numbers, we observed that the company has achieved more than 50.0% of the Revenue generated in FY 2020 at ₦17.6 billion (vs ₦28.0 billion).
- The Gross Profit Margin grew by 38.2% y/y.
- The significant decline (~83.2%) in Finance Cost resulting from a 98.8% drop in Borrowings. Finance Cost eased to ₦11.9 million from ₦70.7 million in Q2-2020.

WHAT WE DID NOT LIKE ABOUT THE RESULT

- Pressure from Operating Expenses had a negative impact on operating performance. Operating Expenses increased by 21.1% to ₦2.3 billion from ₦1.9 billion.
- Profit After Tax moderated by 15.5% y/y to 727.3 million compared to the 860.2 million reported in Q2-2020.
- We observed a 20.1% uptick in Trade Receivables indicating poor Revenue generating techniques.
- Significant drop in Cash generated from Operations to the tune of ₦971.0 million compared to ₦5.6 billion which evidences the company's poor Revenue generating techniques.

TICKER	NASCON
Price (₦) on 27 July 2021	15.00
Shares Outstanding	2,649,438,378
P/E	11.24
Entry Price 1 (₦)	14.51
Entry Price 2 (₦)	14.16
Exit Price 1 (₦)	17.12
Exit Price 2 (₦)	16.00
Expected Return 1 (%)	17.99
Expected Return 2 (%)	12.99
Rating	HOLD

REBASED PRICE MOVEMENT FOR NASCON & NGX ASI



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

Source: Investing, PSL Research

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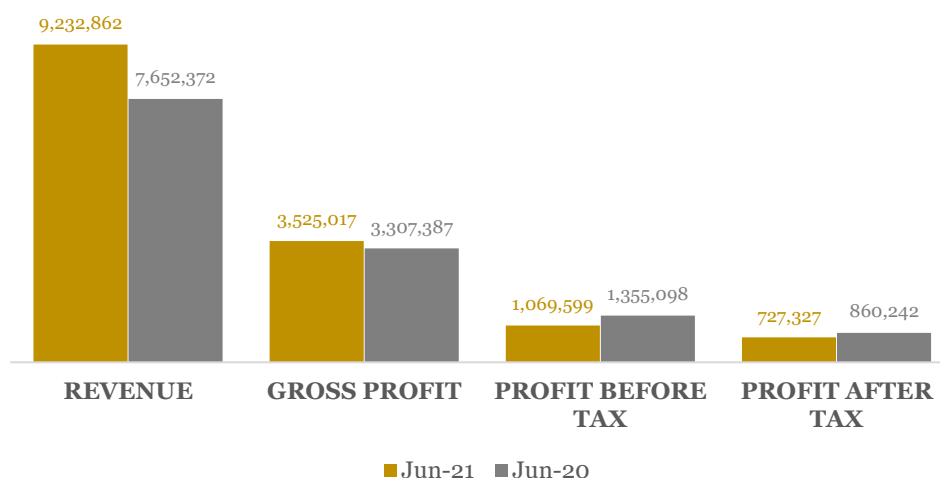


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INCOME STATEMENT	Q2-2021	Q2-2020	Change (%)
Revenue from contracts with customers	9,232,862	7,652,372	20.65%
Cost of Sales	-5,707,845	-4,344,985	31.37%
Gross Profit	3,525,017	3,307,387	6.58%
Distribution costs	-1,604,689	-1,380,299	16.26%
Administrative expenses	-689,907	-514,123	34.19%
Operating profit	1,068,634	1,414,999	-24.48%
Interest income	12,825	10,759	19.20%
Finance costs	-11,860	-70,660	-83.22%
Profit before tax	1,069,599	1,355,098	-21.07%
Income tax expense	-342,272	-494,856	-30.83%
Profit after taxation	727,327	860,242	-15.45%
BALANCE SHEET	H1-21	H1-20	Change (%)
Property, plant and equipment	15,714,018	16,407,302	-4.23%
Cash and cash equivalents	1,928,723	5,056,539	-61.86%
Total Assets	45,655,465	43,534,963	4.87%
Total Equity	13,110,224	12,577,283	4.24%
Retained earnings	11,351,468	10,818,527	4.93%
CASH FLOW STATEMENT	H1-21	H1-20	Change (%)
Operating Activities	971,072	5,645,079	-82.80%
Investing Activities	-395,672	-2,783,062	-85.78%
Financing Activities	-1,247,047	-1,466,212	-14.95%

KEY FINANCIAL DATA



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