



## Earnings Update: NIGERIAN BREWERIES PLC Q2-2021

### Cost Pressures, A Sticking Point to Overall Performance

05 August 2021

#### WHAT WE LIKE ABOUT THE RESULT

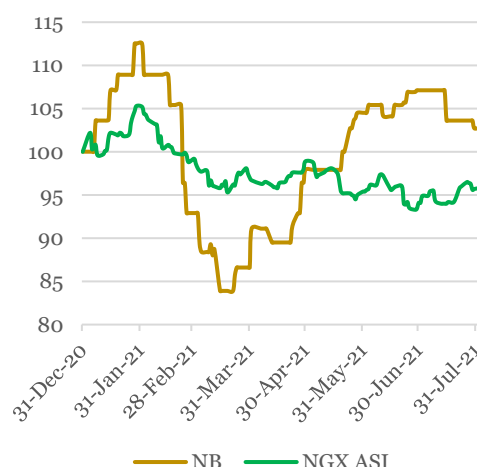
- Revenue improved by 50.9% y/y in Q2-2021 to ₦103.6 million compared to the same period last year.
- There was a significant increase in Cashflows by 235.2% y/y to ₦31.8 million from Net Cash from Operating activities which resulted from Cash benefits earned from delaying payments to Suppliers during the period.
- 57.6% decline in Loans and Borrowings as a larger portion of the Cashflows from Operations were used to pay back Loans.

#### WHAT WE DID NOT LIKE ABOUT THE RESULT

- Although the Profit lines grew for the first half of the year compared to the previous year (PBT was up by 43.1% to ₦426.2 million, PAT was up by 38.1% to ₦65.4 million) the Profit Margin moderately declined driven by increase in Cost Pressures.
- Operating Expenses increased significantly by 56.9% due to a 58.6% increase in Advertising and Sales Expenses to ₦16.6 million from ₦10.5 million.
- 21.2% increase in Net Finance Cost y/y due to Bank Overdraft and Short-Term Commercial Papers issued during the period.
- Trade and Other Receivables climbed by 9.5% y/y to ₦152.4 million from ₦139.2 million evidencing poor Credit arrangements and recovery from its Distributors during the period.

TICKER	NB
Price (₦) on 04 Aug. 2021	57.00
Shares Outstanding	7,996,902,051
PE Ratio	35.59
Entry Price 1 (₦)	54.90
Entry Price 2 (₦)	49.00
Exit Price 1 (₦)	60.75
Exit Price 2 (₦)	55.37
Expected Return 1 (%)	10.66%
Expected Return 2 (%)	13.00%
Rating	<b>HOLD</b>

#### REBASED YTD PRICE MOVEMENT IN NB & NGX ASI



Source: Investing, PSL Research

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

#### Disclaimer

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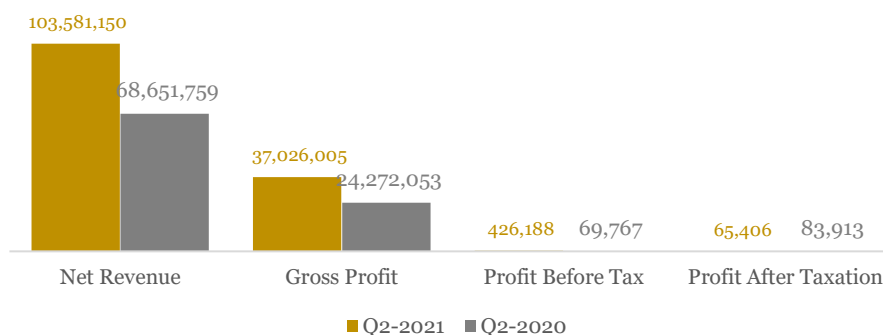


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INCOME STATEMENT	Q2-2021	Q2-2020	Change (%)
Net Revenue	103,581,150	68,651,759	50.88%
Cost of sales	(66,555,145)	(44,379,706)	49.97%
Gross profit	37,026,005	24,272,053	52.55%
Other Income/Gain (net)	260,429	152,768	70.47%
Marketing and Distribution Expenses	(25,174,618)	(15,539,667)	62.00%
Administrative expenses	(6,684,343)	(4,753,390)	40.62%
Operating Profit	5,427,473	4,131,764	31.36%
Finance Income	64,203	115,841	-44.58%
Finance Cost	(5,065,488)	(4,177,838)	21.25%
Net Finance Costs	(5,001,285)	(4,061,997)	23.12%
Profit before tax	426,188	69,767	510.87%
Income tax expense	(360,782)	14,146	-2650.42%
Profit after taxation	65,406	83,913	-22.05%
BALANCE SHEET	H1-2021	Dec-2020	Change (%)
Total non-current assets	351,506,504	352,661,790	-0.33%
Trade and other receivables	17,560,840	11,417,423	53.81%
Total current assets	93,962,973	93,195,412	0.82%
Total assets	445,469,477	445,857,202	-0.09%
Total equity	166,908,368	161,179,042	3.55%
Total non-current liabilities	66,952,136	74,210,570	-9.78%
Trade and other payables	152,364,849	139,200,670	9.46%
Total current liabilities	211,608,973	210,467,590	0.54%
Total liabilities	278,561,109	284,678,160	-2.15%
CASH FLOW STATEMENT	Q2-2021	Q2-2020	Change (%)
Net cash from operating activities	31,817,626	9,491,446	235.22%
Net cash used in investing activities	(18,044,917)	(14,591,300)	23.67%
Net cash used in financing activities	(28,710,766)	55,842,128	-151.41%

### KEY FINANCIAL DATA (₦ MILLIONS)



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