



Earnings Update: PRESCO PLC Q2-2021

Robust Revenue and Bottom-Line Growth

10 August 2021

WHAT WE LIKE ABOUT THE RESULT

- Significant increase in Revenue by 67.5% y/y to ₦13.5 billion from ₦8.1 billion.
- Operating profit increased rapidly by 128.9% to ₦8.6 billion despite the 39.9% increase in operating expenses.
- 56.3% decline in Net Finance Costs to ₦145.2 million compared to similar period last year due to significant decline in short term borrowings and Bank overdrafts.
- Significant increase in Profit lines (PBT and PAT both surged by 147.0% and 159.9% to ₦8.4 billion, and ₦6.7 billion, respectively) and applicable Margins.

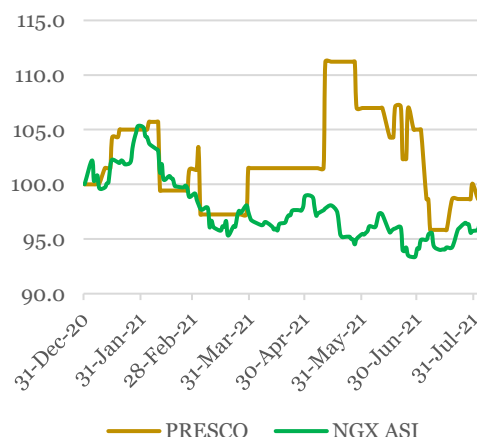
TICKER	PRESCO
Price (₦) on 09 Aug. 2021	72.60
Shares Outstanding	1,000,000,000
PE Ratio	27.38
Entry Price 1 (₦)	70.00
Entry Price 2 (₦)	67.54
Exit Price 1 (₦)	78.86
Exit Price 2 (₦)	76.19
Expected Return 1 (%)	12.66
Expected Return 2 (%)	12.81
Rating	HOLD

WHAT WE DID NOT LIKE ABOUT THE RESULT

- Increase in Net Operating Expenses to ₦1.5 billion from ₦1.1 billion. Although, this was not a hinderance to improvements in Profit Margins
- A major portion of the company's Cash & Bank Balances comprises of proceeds from Bank Overdraft. However, its Cash and Bank Balances increased in H1-2021 compared to similar period last year.

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

REBASED YTD PRICE MOVEMENT IN PRESCO & 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.

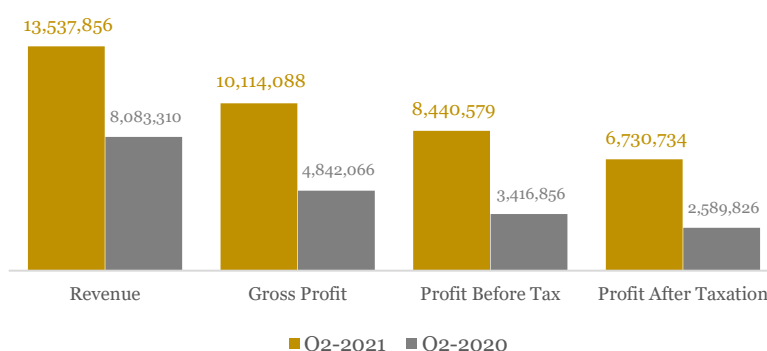


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INCOME STATEMENT	Q2-2021	Q2-2020	Change (%)
Revenue	13,537,856	8,083,310	67.48%
Cost of sales	(3,423,768)	(3,241,244)	5.63%
Gross profit	10,114,088	4,842,066	108.88%
Operating Expenses	(1,528,300)	(1,092,637)	39.87%
Operating Profit	8,585,788	3,749,429	128.99%
Net Finance Costs	(145,209)	(332,573)	-56.34%
Profit before tax	8,440,579	3,416,856	147.03%
Income tax expense	(1,709,845)	(827,030)	106.75%
Profit after taxation	6,730,734	2,589,826	159.89%
BALANCE SHEET	H1-2021	Dec-2020	Change (%)
Total non-current assets	51,802,366	53,734,094	-3.59%
Total current assets	23,072,513	20,034,901	15.16%
Total assets	74,874,879	73,768,995	1.50%
Total equity	41,178,322	31,051,455	32.61%
Total non-current liabilities	16,717,567	17,457,604	-4.24%
Total current liabilities	16,978,989	25,259,937	-32.78%
Total liabilities	33,696,556	42,717,541	-21.12%
CASH FLOW STATEMENT	Q2-2021	Q2-2020	Change (%)
Operating Activities	10,181,545	6,296,944	61.69%
Investing Activities	(1,842,458)	(3,390,506)	-45.66%
Financing Activities	(2,781,821)	(2,034,596)	36.73%

KEY FINANCIAL DATA (₦ MILLIONS)



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