



Earnings Update: VITAFOAM NIG. PLC 9M-2021

Resilient Local Demand Boosts Top-Line and Overall Performance

28 July 2021

WHAT WE LIKE ABOUT THE RESULT

- Impressive topline growth of ₦26.8 billion, 62.9% y/y increase from ₦16.8 billion in 9M-2020. This was due to a 64.8% increase in local sales to ₦26.3 billion.
- Operating Profit grew by 40.4% to ₦5.1 billion (compared to last years numbers at ₦3.7 billion) despite the 23.9% increase in Opex y/y.
- The presence of Finance Income worth ₦104.6 million to cushion the Finance Costs. This was not present same period last year.
- The 16.4% decline in Finance Costs y/y due to repayments in Long-term Borrowings.
- Achieved c.83.0% of the Profit After Tax (PAT) of Full Year (FY) 2020 which was higher than PAT of FY 2019.
- Positive Cashflows from Operations (worth ₦1.7 billion) which is 26.9% higher than same period last year at ₦1.3 billion).

WHAT WE DID NOT LIKE ABOUT THE RESULT

- 55.5% increase in Trade and other Receivables worth ₦934.5 million which is a sign of weak Revenue generating techniques.
- Increases in Operating Expenses by 23.9% due to the ripple effect of the 20.3% y/y and 41.9% y/y rise in Administration and Distribution expenses, respectively.

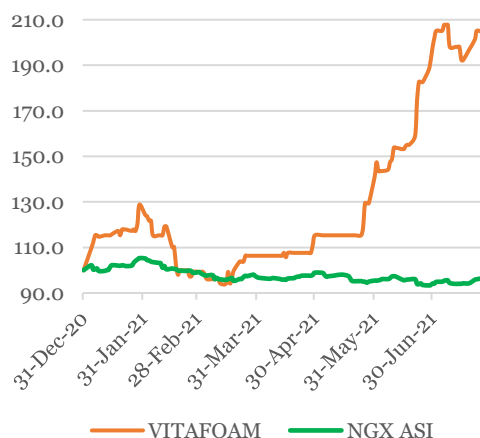
Kindly click [here](#) for the full financial statement.

TICKER	VITAFOAM
Price (₦) on 27 July 2021	15.95
Shares Outstanding	1,250,844,064
P/E	6.22
Entry Price 1 (₦)	15.10
Entry Price 2 (₦)	16.00
Exit Price 1 (₦)	18.00
Exit Price 2 (₦)	20.00
Expected Return 1 (%)	19.21
Expected Return 2 (%)	25.00
Rating	BUY

REMARKS

Positive sentiment for the company due to improved earnings and market activities; rising price and volume. In addition, relatively small share in issue.

REBASED YTD PRICE MOVEMENT: VITAFOAM AND NGX ASI



Source: Investing, PSL Research

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Disclaimer

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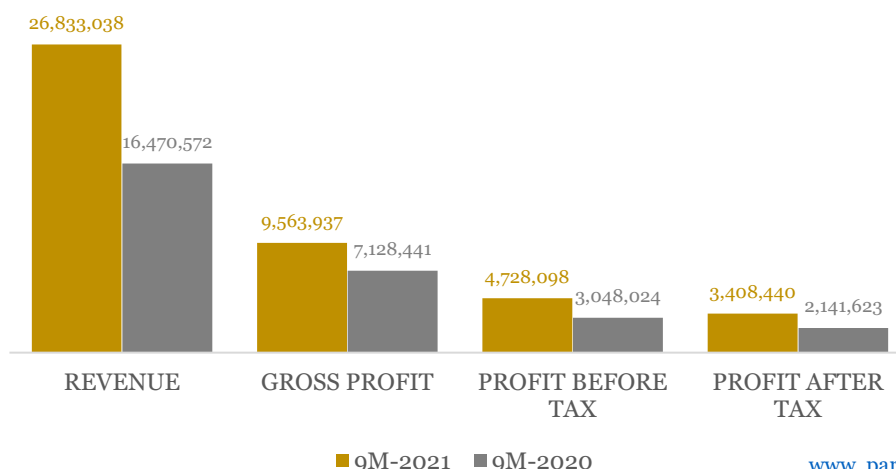


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INCOME STATEMENT	9M-2021	9M-2020	Change (%)
Revenue	26,833,038	16,470,572	62.92%
Cost of sales	-17,269,101	-9,342,131	84.85%
Gross profit	9,563,937	7,128,441	34.17%
Other gains and losses	217,569	278,853	-21.98%
Administrative expenses	-3,758,808	-3,124,270	20.31%
Distribution expenses	-891,813	-628,272	41.95%
Operating profit	5,130,885	3,654,752	40.39%
Finance costs	-507,433	-606,728	-16.37%
Profit before tax	4,728,098	3,048,024	55.12%
Income tax expense	-1,319,658	-906,401	45.59%
Profit after taxation	3,408,440	2,141,623	59.15%
BALANCE SHEET	9M-2021	9M-2020	Change (%)
Property, plant and equipment	6,405,443	5,540,704	15.61%
Trade and other receivables	934,526	601,045	55.48%
Inventories	8,357,815	5,291,903	57.94%
Total assets	27,188,744	21,635,766	25.67%
Total equity	11,623,951	9,040,373	28.58%
Revenue reserves	371,268	256,908	44.51%
CASH FLOW STATEMENT	9M-2021	9M-2020	Change (%)
Operating Activities	1,697,110	1,337,937	26.85%
Investing Activities	-1,205,148	-339,493	254.98%
Financing Activities	1,053,929	2,157,621	-51.15%

KEY FINANCIAL DATA



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