



Good Food, Good Life

NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2019



NESTLÉ LANKA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>For the Period Ended 31 December</i>	<i>Quarter Performance (Unaudited)</i>			<i>Year to date Performance (Audited)</i>		
	<i>Q4 2019</i>	<i>Q4 2018</i>	<i>%</i>	<i>2019</i>	<i>2018</i>	<i>%</i>
	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Variance</i>	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Variance</i>
Revenue	9,488,548	9,387,408	1.1	36,355,084	37,336,943	-2.6
Cost of Sales	(6,230,342)	(5,927,853)	5.1	(23,852,382)	(23,630,214)	0.9
Gross Profit	3,258,206	3,459,555	-5.8	12,502,702	13,706,729	-8.8
Other Operating Expenses	(44,509)	(63,688)	-30.1	(148,756)	(134,510)	10.6
Marketing, Selling and Distribution Expenses	(1,479,526)	(1,498,147)	-1.2	(5,651,314)	(6,055,642)	-6.7
Administrative Expenses	(691,502)	(631,962)	9.4	(2,613,761)	(2,369,196)	10.3
Results from Operating Activities	1,042,669	1,265,758	-17.6	4,088,871	5,147,381	-20.6
Finance Income	10,435	13,383	-22.0	36,963	45,606	-19.0
Finance Expenses	(76,302)	(80,856)	-5.6	(355,940)	(251,530)	41.5
Net Finance Expenses	(65,867)	(67,473)	-2.4	(318,977)	(205,924)	54.9
Profit before Taxation	976,802	1,198,285	-18.5	3,769,894	4,941,457	-23.7
Income Tax Expense	(259,911)	(332,706)	-21.9	(1,203,911)	(1,455,656)	-17.3
Profit for the Period	716,891	865,579	-17.2	2,565,983	3,485,801	-26.4
<u>Other Comprehensive Income</u>						
Actuarial gain / (loss) - Net of Tax	(8,568)	34,783		(8,568)	34,783	
Gain / (Loss) on Cash Flow Hedges - Net of Tax	3,287	19,199		3,312	(189)	
Total Comprehensive Income	711,610	919,561	-22.6	2,560,727	3,520,395	-27.3
Basic Earnings Per Share (EPS.) Rs.	13.34	16.11		47.76	64.88	

Figures in brackets indicate deductions.

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Fabrice Cavallin
Managing Director

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Gurcharan Grover
Director Finance & Control

28 February 2020



NESTLÉ LANKA PLC
STATEMENT OF FINANCIAL POSITION

AS AT :	31.12.2019	31.12.2018
	<i>Rs. '000s</i>	<i>Rs. '000s</i>
	Audited	Audited
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	9,012,305	9,210,242
Capital Work-In-Progress	377,235	673,117
Other Non-Current Assets	366,115	353,884
	<u>9,755,655</u>	<u>10,237,243</u>
Current Assets		
Inventories	3,486,130	2,987,844
Trade and Other Receivables	2,686,713	3,361,854
Amount Due from Related Parties	434,476	854,134
Cash in Hand and Balances with Bank	507,585	217,731
	<u>7,114,904</u>	<u>7,421,563</u>
Total Assets	<u>16,870,559</u>	<u>17,658,806</u>
EQUITY AND LIABILITIES		
Equity		
Stated Capital	537,255	537,255
Retained Earnings and Reserves	4,972,354	5,097,901
	<u>5,509,609</u>	<u>5,635,156</u>
Non-Current Liabilities		
Retirement Benefit Obligations	368,940	390,700
Deferred Tax Liabilities	997,439	1,000,725
Non-Current Provisions	421,434	289,459
Non-Current Financial Liabilities	1,984,029	2,007,954
	<u>3,771,842</u>	<u>3,688,838</u>
Current Liabilities		
Trade and Other Payables	4,951,225	4,634,844
Amount Due to Related Parties	805,046	1,312,575
Current Tax Payable	652,508	681,215
Dividends Payable	192,752	182,004
Current Financial Liabilities	987,577	1,524,174
	<u>7,589,108</u>	<u>8,334,812</u>
Total Liabilities	<u>11,360,950</u>	<u>12,023,650</u>
Total Equity and Liabilities	<u>16,870,559</u>	<u>17,658,806</u>

AS AT (Rs.) :	30.09.2019	31.12.2019	31.12.2018
Net asset value per share	Rs. 89.31	Rs. 102.55	Rs. 104.89
Market value per share during the quarter			
- Highest	1,510.00	1,439.70	1,797.00
- Lowest	1,300.00	1,150.00	1,600.00
- Last trade price (Date 27/09/2019, 31/12/2019 31/12/2018)	1,330.00	1,299.80	1,700.00

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Fabrice Cavallin
 Managing Director
 28 February 2020

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Gurcharan Grover
 Director Finance & Control



NESTLÉ LANKA PLC
STATEMENT OF CASH FLOWS

<i>For the Period Ended 31 December</i>	2019 Rs. '000s Audited	2018 Rs. '000s Audited
Cash Flows from Operating Activities		
Profit before Taxation	3,769,894	4,941,457
Adjustments for :		
Depreciation of Property, Plant and Equipment	1,029,719	754,183
Impairment of Property, Plant and Equipment	12,052	-
(Gain)/Loss on sale of Property, Plant and Equipment	48,409	(12,807)
Amortization of Staff Loan	30,390	29,960
Interest Expense	354,225	251,530
Interest Income	(36,963)	(31,146)
Movement of Retirement Benefit Obligation (Excluding Actuarial Gain/Loss)	(33,660)	(15,180)
Operating Profit before Working Capital Changes	5,174,066	5,917,997
Working Capital Changes		
Increase in Inventories	(498,286)	(118,230)
Decrease in Trade and Other Receivables	645,799	329,944
Decrease / (Increase) in Amount due from Related Parties	419,658	(92,690)
Increase / (Decrease) in Trade and Other Payables	350,322	(180,849)
(Decrease) / Increase in Amount due to Related Parties	(504,906)	67,878
Cash Generated from Operations	5,586,653	5,924,050
Income Tax Paid	(1,101,884)	(1,056,739)
Net Cash Flows Generated from Operating Activities	4,484,769	4,867,311
Cash Flow from Investing Activities		
Investment in Property, Plant and Equipment	(561,931)	(2,608,832)
Proceeds from Sale of Property, Plant and Equipment	11,049	30,965
Movement of Other Non-Current Financial Assets	(12,231)	(34,673)
Net Cash Flows used in Investing Activities	(563,113)	(2,612,540)
Cash Flow from Financing Activities		
Receipt of Non-Current Financial Liabilities	-	1,893,000
Payment of Lease Liabilities	(87,018)	(68,546)
Dividend Paid	(2,675,526)	(2,672,202)
Interest Paid	(356,934)	(225,901)
Interest Received	6,573	1,186
Net Cash Flows used in Financing Activities	(3,112,905)	(1,072,463)
Net Increase in Cash and Cash Equivalents	808,751	1,182,308
Cash and Cash Equivalent at beginning of Year	(1,225,301)	(2,407,609)
Cash and Cash Equivalent at End of the Year	(416,550)	(1,225,301)
Analysis of Cash and Cash Equivalents at the End of the Year		
Cash in Hand and Balances with Bank	507,585	217,731
Current Financial Liabilities	(924,135)	(1,443,032)
[Excluding Short Term Lease Liability of Rs. 63,442 (2018 - Rs. 81,142)]	(416,550)	(1,225,301)

**Nestlé****NESTLÉ LANKA PLC****STATEMENT OF CHANGES IN EQUITY**

	<i>Audited</i>			<i>Total Rs.'000s</i>
	<i>Stated Capital Rs.'000s</i>	<i>Retained Earnings Rs.'000s</i>	<i>Other Equity Reserves * Rs.'000s</i>	
Balance as at 1 January 2018	537,255	4,235,458	28,322	4,801,035
Total Comprehensive Income for the Year				
Profit for the Year	-	3,485,801	-	3,485,801
Other Comprehensive Income	-	-	34,594	34,594
Transactions with Owners of the Company Recognised Directly in Equity				
Interim Dividend for 2017	-	(1,343,137)	-	(1,343,137)
Final Dividend for 2017	-	(1,343,137)	-	(1,343,137)
Balance as at 31 December 2018	537,255	5,034,985	62,916	5,635,156
Balance as at 1 January 2019	537,255	5,034,985	62,916	5,635,156
Total Comprehensive Income for the Year				
Profit for the Year	-	2,565,983	-	2,565,983
Other Comprehensive Income	-	-	(5,256)	(5,256)
Transactions with Owners of the Company Recognised Directly in Equity				
Interim Dividend for 2018	-	(1,343,137)	-	(1,343,137)
Final Dividend for 2018	-	(1,343,137)	-	(1,343,137)
Balance as at 31 December 2019	537,255	4,914,694	57,660	5,509,609

* Includes Actuarial Gain/(Loss) and Results of Cash Flow Hedges



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

1. The Accounting policies and methods of computation followed in the Interim Financial Statements are the same as that of the latest year end Financial Statements.
2. The Stated Capital consists of 53,725,463 Ordinary shares.
3. Events Occurring After the Reporting Date
There were no material events occurring after the reporting date that require adjustment or disclosure in the financial statements, other than the following;
 - The Board of Directors have declared an interim dividend of Rs. 30.00 per share on 28 February 2020 and have also proposed a final dividend of Rs. 17.50 per share for the year ended 31 December 2019; subject to approval by the shareholders at the Annual General Meeting to be held on 05 May 2020.
4. Contingent Liability
 - Income Tax Assessments up to 2019 amounting to Rs. 302 Mio (Up to 2018 - Rs. 268 Mio), were issued against the Company for which appeals have been lodged with appropriate tax authorities. The Company is of the view that provisions are not required as at the reporting date since the Company believes it has a strong case.
 - There are no other material contingent liabilities.
5. Net Finance Expenses
Net Finance Expenses increased mainly due to the borrowings for significant Capital Expenditure in earlier years and cessation of capitalization of borrowing costs on completion of a key project.
6. Income Tax Expense
With the application of New Inland Revenue Act w.e.f 01 April 2018, the Company's profit is liable to tax at 28%. Whereas, prior to 01 April 2018, qualifying export profits were taxed at a concessionary rate of 12%, profits from the Ready-To-Drink milk business were taxed at a concessionary rate of 10% and profits with respect to off-shore business earned in foreign currency were exempt from income tax, resulting a significant increase in the overall tax cost of the Company.
7. Comparative information has been reclassified where necessary, to confirm to current year's presentation.



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

Additional Notes and other information

- Public Holding Percentage: 9.18%. Number of Public shareholders - 5,488
- Float Adjusted Market capitalization as at 31 December 2019 : Rs. 6,410,610 (Rs'000)
- As the floated adjusted market capitalization is over Rs. 5 billion, Nestlé Lanka PLC complies under option 3 of Rule 7.13.1 (a) of Listing Rules
- The Directors of the company hold no shares in the Company except for Mr. Mahendra Dayananda, who holds 1,000 shares as at period closing.

Names and the number of shares held by the 20 major shareholders, and the percentages of such shares.

No	Names	No. of Shares	%
1	Nestlé S.A	48,793,746	90.82
2	Citibank New York S/A Norges Bank Account 2	493,037	0.92
3	Sri Lanka Insurance Corporation Ltd - Life Fund	264,404	0.49
4	RBC Investor Services Bank-Coeli Sicav I-Frontier Markets Fund	251,742	0.47
5	Deutsche Bank AG-London	250,000	0.47
6	Miss Harnam Neesha Joint Mrs. Jasbinderjit Kaur Piara Singh	200,000	0.37
7	SSBT- Deutsche Bank AG Singapore A/C 01	155,600	0.29
8	SSBT- Al Mehwar Commercial Investments L.L.C	144,758	0.27
9	Employees Provident Fund	100,000	0.19
10	SEB AB -Tundra Sustainable Frontier Fund	98,293	0.18
11	Union Assurance PLC/ Account No.5 (Unit-Linked Life Insurance Fund - Equity Fund)	82,311	0.15
12	BNYM RE-GHI Holdings Maruitius	75,000	0.14
13	SSBT-Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	72,040	0.13
14	Mrs. Jasbinderjit Kaur Piara Singh	71,300	0.13
15	Colombo Investment Trust PLC	50,904	0.09
16	Mr. Udeshi Morarji Meghji Joint Mrs. Asha Ajay Merchant	45,000	0.08
17	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08
18	Mr. Maheswaran Radhakrishnan	36,671	0.07
19	Miss.Radhakrishnan Meenambigai Priyadarshini	36,667	0.07
20	Miss.Radhakrishnan Andal	36,667	0.07