



Good Food, Good Life

NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
31 MARCH 2020



NESTLÉ LANKA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>For the Period Ended 31 March</i>	<i>Year to date Performance (Unaudited)</i>		
	<i>2019</i>	<i>2020</i>	<i>%</i>
	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Variance</i>
<i>Revenue</i>	8,876,924	9,170,134	3.3
<i>Cost of Sales</i>	(5,952,004)	(6,205,522)	4.3
<i>Gross Profit</i>	2,924,920	2,964,612	1.4
<i>Other Operating Expenses</i>	(1,588)	(10,496)	561.0
<i>Marketing, Selling and Distribution Expenses</i>	(1,374,947)	(1,318,407)	-4.1
<i>Administrative Expenses</i>	(633,453)	(682,563)	7.8
<i>Results from Operating Activities</i>	914,932	953,146	4.2
<i>Net Finance Expenses</i>	(92,856)	(48,731)	-47.5
<i>Profit before Taxation</i>	822,076	904,415	10.0
<i>Income Tax Expense</i>	(249,177)	(260,113)	4.4
<i>Profit for the Period</i>	572,899	644,302	12.5
<i>Other Comprehensive Income</i>			
<i>Gain / (Loss) on Cash Flow Hedges - Net of Tax</i>	(41,572)	(4,715)	-88.7
<i>Total Comprehensive Income</i>	531,327	639,587	20.4
<i>Basic Earnings Per Share (EPS.) Rs.</i>	10.66	11.99	

Figures in brackets indicate deductions.

.....
Fabrice Cavallin
 Managing Director

.....
Gurcharan Grover
 Director Finance & Control

9 June 2020



NESTLÉ LANKA PLC

STATEMENT OF FINANCIAL POSITION

As at :	31.12.2019	31.03.2020
	Rs. '000s	Rs. '000s
	Audited	Unaudited
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	9,012,305	8,837,051
Capital Work-In-Progress	377,235	326,593
Other Non-Current Assets	366,115	369,094
	<u>9,755,655</u>	<u>9,532,738</u>
Current Assets		
Inventories	3,486,130	3,707,742
Trade and Other Receivables	2,686,713	3,641,084
Amount Due from Related Parties	434,476	537,640
Cash in Hand and Balances with Bank	507,585	354,062
	<u>7,114,904</u>	<u>8,240,528</u>
Total Assets	<u>16,870,559</u>	<u>17,773,266</u>
EQUITY AND LIABILITIES		
Equity		
Stated Capital	537,255	537,255
Retained Earnings and Reserves	4,972,354	4,098,900
	<u>5,509,609</u>	<u>4,636,155</u>
Non-Current Liabilities		
Retirement Benefit Obligations	368,940	377,268
Deferred Tax Liabilities	997,439	1,010,420
Non-Current Provisions	421,434	421,434
Non-Current Financial Liabilities	1,984,029	1,972,632
	<u>3,771,842</u>	<u>3,781,754</u>
Current Liabilities		
Trade and Other Payables	4,951,225	5,236,895
Amount Due to Related Parties	805,046	1,315,391
Current Tax Payable	652,508	640,184
Dividends Payable	192,752	94,744
Current Financial Liabilities	987,577	2,068,143
	<u>7,589,108</u>	<u>9,355,357</u>
Total Liabilities	<u>11,360,950</u>	<u>13,137,111</u>
Total Equity and Liabilities	<u>16,870,559</u>	<u>17,773,266</u>
AS AT (Rs.) :		
Net asset value per share	Rs. 102.55	Rs. 86.29
Market value per share during the quarter		
- Highest	1,439.70	1,300.00
- Lowest	1,150.00	1,001.50
- Last trade price (Date 31/12/2019, 20/03/2020)	1,299.80	1,001.50
..... Fabrice Cavallin Managing Director Gurcharan Grover Director Finance & Control	
9 June 2020		



NESTLÉ LANKA PLC

STATEMENT OF CASH FLOWS

<i>For the Period Ended 31 March</i>	2019	2020
	<i>Rs. '000s</i>	<i>Rs. '000s</i>
	Unaudited	Unaudited
Cash Flows from Operating Activities		
<i>Profit before Taxation</i>	822,076	904,415
Adjustments for :		
<i>Depreciation of Property, Plant and Equipment</i>	250,630	247,315
<i>Loss on sale of Property, Plant and Equipment</i>	16,715	819
<i>Amortization of Staff Loan</i>	8,025	8,492
<i>Interest Expense</i>	94,222	65,917
<i>Interest Income</i>	(8,510)	(10,106)
<i>Movement of Retirement Benefit Obligation (Excluding Actuarial Gain/Loss)</i>	(19,339)	8,328
Operating Profit before Working Capital Changes	1,163,819	1,225,181
Working Capital Changes		
<i>Increase in Inventories</i>	(220,876)	(221,612)
<i>Decrease in Trade and Other Receivables</i>	(399,244)	(925,365)
<i>Decrease / (Increase) in Amount due from Related Parties</i>	265,255	(103,164)
<i>Increase in Trade and Other Payables</i>	566,113	250,115
<i>(Decrease) / Increase in Amount due to Related Parties</i>	(37,885)	509,820
Cash Generated from Operations	1,337,182	734,974
<i>Income Tax Paid</i>	(248,833)	(257,622)
Net Cash Flows Generated from Operating Activities	1,088,349	477,352
Cash Flow from Investing Activities		
<i>Investment in Property, Plant and Equipment</i>	(94,815)	(23,079)
<i>Proceeds from Sale of Property, Plant and Equipment</i>	4,270	841
<i>Movement of Other Non-Current Financial Assets</i>	9,173	(2,979)
Net Cash Flows used in Investing Activities	(81,372)	(25,217)
Cash Flow from Financing Activities		
<i>Payment of Lease Liabilities</i>	(17,039)	(11,947)
<i>Dividend Paid</i>	(1,343,566)	(1,611,049)
<i>Interest Paid</i>	(74,268)	(66,019)
<i>Interest Received</i>	485	1,614
Net Cash Flows used in Financing Activities	(1,434,388)	(1,687,401)
Net Increase in Cash and Cash Equivalents	(427,411)	(1,235,266)
<i>Cash and Cash Equivalents at the beginning of the period</i>	(1,225,301)	(416,550)
Cash and Cash Equivalents at the end of the period	(1,652,712)	(1,651,816)
Analysis of Cash and Cash Equivalents at the end of the period		
<i>Cash in Hand and Balances with Bank</i>	188,775	354,062
<i>Current Financial Liabilities</i>	(1,841,487)	(2,005,878)
<i>[Excluding Short Term Lease Liabilities of Rs. 62,265 (2019 - Rs. 63,442)]</i>	(1,652,712)	(1,651,816)



NESTLÉ LANKA PLC

STATEMENT OF CHANGES IN EQUITY

	<i>Stated Capital</i>	<i>Retained Earnings</i>	<i>Other Equity Reserves *</i>	<i>Total</i>
	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Rs. '000s</i>
Balance as at 1 January 2019 (Audited)	537,255	5,034,985	62,916	5,635,156
Total Comprehensive Income for 3 months ended 31 March 2019				
Profit for the Period	-	572,899	-	572,899
Other Comprehensive Income	-	-	(41,572)	(41,572)
Transactions with Owners of the Company Recognised Directly in Equity				
Interim Dividend for 2018	-	(1,343,137)	-	(1,343,137)
Balance as at 31 March 2019 (Unaudited)	537,255	4,264,747	21,344	4,823,346
Total Comprehensive Income for 9 months ended 31 December 2019				
Profit for the Period	-	1,993,084	-	1,993,084
Other Comprehensive Income	-	-	36,316	36,316
Transactions with Owners of the Company Recognised Directly in Equity				
Final Dividend for 2018	-	(1,343,137)	-	(1,343,137)
Balance as at 31 December 2019 (Audited)	537,255	4,914,694	57,660	5,509,609
Total Comprehensive Income for the Year				
Profit for the Period	-	644,302	-	644,302
Other Comprehensive Income	-	-	(4,715)	(4,715)
Transactions with Owners of the Company Recognised Directly in Equity				
Unclaimed Dividend Write Back	-	98,723	-	98,723
Interim Dividend for 2019	-	(1,611,764)	-	(1,611,764)
Balance as at 31 March 2020 (Unaudited)	537,255	4,045,955	52,945	4,636,155

* 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. Impact due to the COVID – 19

The outbreak of COVID 19 has caused disruption to the economic activities in Sri Lanka and across the world. Our top priority is the health and safety of our workforce. Nestlé Lanka PLC has adopted all the health and safety guidelines published by the Health Authorities in Sri Lanka and the World Health Organization.

The first quarter's financial performance was impacted due to the imposition of island wide curfew on 20th March. This had an adverse impact on the business operations consequent to the closure of distributor points, grocery stores, street channel, hotels and restaurants etc. Consequently our factory was unable to operate in its full capacity and we optimized our capacity to cater essential food and beverage requirements of our consumers under strict health and safety measures. Alternative routes to the market including focus on home delivery through retail hubs, mobile stores and e-commerce platforms etc. were activated to ensure availability of the company's products to the consumers at their homes.

The Company has also proactively taken measures to reduce and defer all non-essential expenses under these turbulent times including temporarily deferring some capital expenditure while persevering cash flows.

4. Events Occurring After the Reporting Date

There are no material events occurring after the reporting that require an adjustment to the Financial Statements.

5. Contingent Liabilities

- Income Tax Assessments up to 2019 amounting to Rs. 302 Mn (Up to 2018 - Rs. 268 Mn), 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.
- No new material matter of contingent liabilities arose during the reporting period.

6. Income Tax Expense

The Company has made provision for the income tax liability and deferred taxation at the standard rate of 28% as per the current Income Tax Act, No. 24 of 2017 since the proposed changes have not yet been enacted into the law.

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 was Rs. 4.9 Bn (only on 20th March 2020, being the last trading day in March). Nestlé Lanka PLC complies under option 3 of Rule 7.13.1 (a) of Listing Rules as the Float adjusted market capitalisation was above Rs 5.0 Bn for most of the month prior to curfew imposition on 20th March.
- 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- Deustche Bank AG Singapore A/C 02	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	Union Assurance PLC/ Account No.5 (Unit-Linked Life Insurance Fund - Equity Fund)	82,311	0.15
11	BNYM RE-GHI Holdings Maruitius	75,000	0.14
12	SSBT-Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	72,040	0.13
13	Mrs. Jasbinderjit Kaur Piara Singh	71,300	0.13
14	COMMERCIAL BANK OF CEYLON PLC/P.SUBASINGHE	67,153	0.12
15	UNION ASSURANCE PLC-UNIVERSAL LIFE FUND	54,718	0.10
16	Colombo Investment Trust PLC	50,904	0.09
17	Mr. Udeshi Morarji Meghji Joint Mrs. Asha Ajay Merchant	45,000	0.08
18	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08
19	Mr. Maheswaran Radhakrishnan	36,671	0.07
20	Miss.Radhakrishnan Meenambigai Priyadarshini	36,667	0.07