



Good Food, Good Life

NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2020



NESTLÉ LANKA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>For the Period Ended 30 September (Unaudited)</i>	<i>Quarter Performance</i>			<i>Year to date Performance</i>		
	<i>Q3 2019</i>	<i>Q3 2020</i>	<i>%</i>	<i>2019</i>	<i>2020</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>
<i>Revenue</i>	9,546,454	10,496,502	10.0	26,866,536	27,926,634	3.9
<i>Cost of Sales</i>	(6,185,966)	(6,984,878)	12.9	(18,047,433)	(18,870,298)	4.6
<i>Gross Profit</i>	3,360,488	3,511,624	4.5	8,819,103	9,056,336	2.7
<i>Other Operating Expenses</i>	(40,225)	(27,104)	-32.6	(119,823)	(52,151)	-56.5
<i>Marketing, Selling and Distribution Expenses</i>	(1,343,595)	(1,367,608)	1.8	(3,824,644)	(3,646,752)	-4.7
<i>Administrative Expenses</i>	(636,779)	(635,530)	-0.2	(1,828,435)	(1,880,471)	2.8
<i>Results from Operating Activities</i>	1,339,889	1,481,382	10.6	3,046,201	3,476,962	14.1
<i>Net Finance Expenses</i>	(82,451)	(75,028)	-9.0	(253,110)	(189,865)	-25.0
<i>Profit before Taxation</i>	1,257,438	1,406,354	11.8	2,793,091	3,287,097	17.7
<i>Income Tax Expense</i>	(357,111)	(389,188)	9.0	(944,000)	(1,030,721)	9.2
<i>Profit for the Period</i>	900,327	1,017,166	13.0	1,849,091	2,256,376	22.0
<i>Other Comprehensive Income</i>						
<i>Gain / (Loss) on Cash Flow Hedges (Net of Tax if any)</i>	10,013	2,429	-75.7	25	(6,122)	-24588.3
<i>Total Comprehensive Income</i>	910,340	1,019,595	12.0	1,849,116	2,250,254	21.7
<i>Basic Earnings Per Share (EPS.) Rs.</i>	16.76	18.93		34.42	42.00	

Figures in brackets indicate deductions.

Signed

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Fabrice Cavallin
Managing Director

10 November 2020

Signed

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Gurcharan Grover
Director Finance & Control



NESTLÉ LANKA PLC

STATEMENT OF FINANCIAL POSITION

As at :	31.12.2019	30.09.2020
	Rs. '000s	Rs. '000s
	Audited	Unaudited
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	9,012,305	8,386,877
Capital Work-In-Progress	377,235	417,925
Other Non-Current Assets	366,115	361,444
	9,755,655	9,166,246
Current Assets		
Inventories	3,486,130	4,023,402
Trade and Other Receivables	2,686,713	2,442,145
Amount Due from Related Parties	434,476	1,104,185
Cash in Hand and Balances with Bank	507,585	1,009,147
	7,114,904	8,578,879
Total Assets	16,870,559	17,745,125
EQUITY AND LIABILITIES		
Equity		
Stated Capital	537,255	537,255
Retained Earnings and Reserves	4,972,354	4,769,371
	5,509,609	5,306,626
Non-Current Liabilities		
Retirement Benefit Obligations	368,940	413,155
Deferred Tax Liabilities	997,439	1,062,071
Non-Current Provisions	421,434	524,090
Non-Current Financial Liabilities	1,984,029	1,953,790
	3,771,842	3,953,106
Current Liabilities		
Trade and Other Payables	4,951,225	5,308,566
Amount Due to Related Parties	805,046	1,687,202
Current Tax Payable	652,508	825,719
Dividends Payable	192,752	103,981
Current Financial Liabilities	987,577	559,925
	7,589,108	8,485,393
Total Liabilities	11,360,950	12,438,499
Total Equity and Liabilities	16,870,559	17,745,125
As at (Rs.):		
Net asset value per share	102.55	98.77
Market value per share during the quarter		
- Highest	1,439.70	1,250.00
- Lowest	1,150.00	1,000.00
- Last traded price (Date 31/12/2019, 30/09/2020)	1,299.80	1,197.90
<i>Signed</i>	<i>Signed</i>	
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Fabrice Cavallin	Gurcharan Grover	
Managing Director	Director Finance & Control	
10 November 2020		



NESTLÉ LANKA PLC
STATEMENT OF CASH FLOWS

<i>For the Period Ended 30 September (Unaudited)</i>	2019 Rs. '000s	2020 Rs. '000s
Cash Flows from Operating Activities		
<i>Profit before Taxation</i>	2,793,091	3,287,097
Adjustments for :		
<i>Depreciation of Property, Plant and Equipment</i>	771,815	726,059
<i>Loss on sale of Property, Plant and Equipment</i>	19,100	819
<i>Amortization of Staff Loan</i>	22,708	24,069
<i>Interest Expense</i>	279,638	211,001
<i>Interest Income</i>	(27,956)	(27,583)
<i>Movement of Retirement Benefit Obligation (Excluding Actuarial Gain/Loss)</i>	61,920	44,215
Operating Profit before Working Capital Changes	3,920,316	4,265,677
Working Capital Changes		
<i>Increase in Inventories</i>	(516,446)	(537,271)
<i>Decrease in Trade and Other Receivables</i>	118,193	241,637
<i>Decrease / (Increase) in Amount due from Related Parties</i>	545,150	(669,709)
<i>Increase in Trade and Other Payables</i>	199,185	354,149
<i>Increase in Amount due to Related Parties</i>	249,362	880,444
Cash Generated from Operations	4,515,760	4,534,927
<i>Income Tax Paid</i>	(871,915)	(690,221)
Net Cash Flows Generated from Operating Activities	3,643,845	3,844,706
Cash Flow from Investing Activities		
<i>Investment in Property, Plant and Equipment</i>	(245,778)	(134,972)
<i>Proceeds from Sale of Property, Plant and Equipment</i>	5,305	840
<i>Movement of Other Non-Current Financial Assets</i>	(14,544)	4,670
Net Cash Flows used in Investing Activities	(255,017)	(129,462)
Cash Flow from Financing Activities		
<i>Payment of Lease Liabilities</i>	(57,226)	(46,256)
<i>Dividend Paid</i>	(2,681,016)	(2,542,007)
<i>Interest Paid</i>	(283,588)	(209,534)
<i>Interest Received</i>	5,248	3,514
Net Cash Flows used in Financing Activities	(3,016,582)	(2,794,284)
Net Increase in Cash and Cash Equivalents	372,246	920,960
<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	(853,055)	504,410
Analysis of Cash and Cash Equivalents at the end of the period		
<i>Cash in Hand and Balances with Bank</i>	296,760	1,009,147
<i>Current Financial Liabilities</i>	(1,149,815)	(504,737)
<i>[Excluding Short Term Lease Liabilities of Rs. 55,188 (2019 - Rs. 77,526)]</i>	(853,055)	504,410



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 9 months ended 30 September 2019				
<i>Profit for the Period</i>	-	1,849,091	-	1,849,091
<i>Other Comprehensive Income</i>	-	-	25	25
Transactions with Owners of the Company Recognised Directly in Equity				
<i>Interim Dividend for 2018</i>	-	(1,343,137)	-	(1,343,137)
<i>Final Dividend for 2018</i>	-	(1,343,137)	-	(1,343,137)
Balance as at 30 September 2019 (Unaudited)	537,255	4,197,802	62,941	4,797,998
Total Comprehensive Income for 3 months ended 31 December 2019				
<i>Profit for the Period</i>	-	716,892	-	716,892
<i>Other Comprehensive Income</i>	-	-	(5,281)	(5,281)
Balance as at 31 December 2019 (Audited)	537,255	4,914,694	57,660	5,509,609
Total Comprehensive Income for 9 months ended 30 September 2020				
<i>Profit for the Period</i>	-	2,256,376	-	2,256,376
<i>Other Comprehensive Income</i>	-	-	(6,122)	(6,122)
Transactions with Owners of the Company Recognised Directly in Equity				
<i>Unclaimed Dividend Write Back</i>	-	98,723	-	98,723
<i>Interim Dividend for 2019</i>	-	(1,611,764)	-	(1,611,764)
<i>Final Dividend for 2019</i>	-	(940,196)	-	(940,196)
Balance as at 30 September 2020 (Unaudited)	537,255	4,717,833	51,538	5,306,626

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



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

1. The Financial Statements of the Company for the interim period have been prepared on the same basis as the most recent audited Financial Statements and are in compliance with Sri Lanka Accounting Standard; LKAS 34 Interim Financial Reporting.
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 many business and economic activities across the globe including Sri Lanka. The Company has implemented all health & safety guidelines published by the Health Authorities in Sri Lanka and the World Health Organization for the safety of our workforce.

Year-to-date sales was impacted due to the imposition of island wide curfew from 20th March that continued for a major part of the second quarter with situation improving in the third quarter. The curfew had an adverse impact on the business operations consequent to the closure of distributor points, grocery stores, street channel, hotels and restaurants etc. in domestic market and exports. 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.

COVID 19 has no impact on the going concern and there are no material impact on impairment of receivables and manufacturing lines.
4. **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.
5. **Events Occurring After the Reporting Date**

There are no material events occurring after the reporting that require an adjustment to the Financial Statements.
6. **Contingent Liabilities**
 - During the period under review, there were no material change in the nature of contingent liabilities which were disclosed in the Annual Report for the year ended 31 December 2019.
7. **Fair Value Measurement and Related Disclosures**

There were no significant differences in the comparison made between fair value and carrying value of financial assets and liabilities.
8. 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 - 5,642
- Float Adjusted Market capitalization as at 30 September 2020 : Rs. 5,908,040 (Rs'000)
- As the float 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 02	155,600	0.29
8	SSBT- Al Mehwar Commercial Investments L.L.C	144,758	0.27
9	SSBT-Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	125,396	0.23
10	Employees Provident Fund	100,000	0.19
11	BNYM RE-GHI Holdings Maruitius	75,000	0.14
12	Mrs. Jasbinderjit Kaur Piara Singh	72,194	0.13
13	Union Assurance PLC/ Account No.5 (Unit-Linked Life Insurance Fund - Equity Fund)	71,693	0.13
14	Commercial Bank of Ceylon PLC/P.Subasinghe	68,000	0.13
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