



**Nestlé**

Good Food, Good Life

**NESTLÉ LANKA PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**



NESTLÉ LANKA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Period Ended 31 December	Quarter Performance (Unaudited)			Year to date Performance (Audited)		
	Q4 2019	Q4 2020	%	2019	2020	%
	Rs. '000s	Rs. '000s	Variance	Rs. '000s	Rs. '000s	Variance
Revenue	9,488,548	9,939,581	4.8	36,355,084	37,866,215	4.2
Cost of Sales	(6,366,582)	(6,776,895)	6.4	(24,414,015)	(25,647,194)	5.1
<b>Gross Profit</b>	<b>3,121,966</b>	<b>3,162,686</b>	<b>1.3</b>	<b>11,941,069</b>	<b>12,219,021</b>	<b>2.3</b>
Other Operating Expenses	(16,138)	(4,503)	-72.1	(135,961)	(56,654)	-58.3
Marketing, Selling and Distribution Expenses	(1,398,653)	(1,482,609)	6.0	(5,223,296)	(5,129,361)	-1.8
Administrative Expenses	(664,506)	(655,629)	-1.3	(2,492,941)	(2,536,100)	1.7
<b>Results from Operating Activities</b>	<b>1,042,669</b>	<b>1,019,945</b>	<b>-2.2</b>	<b>4,088,871</b>	<b>4,496,906</b>	<b>10.0</b>
Net Finance Expenses	(65,867)	(43,120)	-34.5	(318,977)	(232,985)	-27.0
<b>Profit before Taxation</b>	<b>976,802</b>	<b>976,825</b>	<b>0.0</b>	<b>3,769,894</b>	<b>4,263,921</b>	<b>13.1</b>
Income Tax Expense	(259,911)	(286,317)	10.2	(1,203,911)	(1,317,038)	9.4
<b>Profit for the Period</b>	<b>716,891</b>	<b>690,508</b>	<b>-3.7</b>	<b>2,565,983</b>	<b>2,946,883</b>	<b>14.8</b>
<b><u>Other Comprehensive Income - Net of Tax</u></b>						
Actuarial Loss	(8,568)	(81,007)	845.5	(8,568)	(81,007)	845.5
Gain / (Loss) on Cash Flow Hedges	3,287	1,912	-41.8	3,312	(4,210)	-227.1
<b>Total Comprehensive Income - Net of Tax</b>	<b>711,610</b>	<b>611,413</b>	<b>-14.1</b>	<b>2,560,727</b>	<b>2,861,666</b>	<b>11.8</b>
<b>Basic Earnings Per Share (EPS.) Rs.</b>	<b>13.34</b>	<b>12.85</b>		<b>47.76</b>	<b>54.85</b>	

Figures in brackets indicate deductions.

.....  
 Fabrice Cavallin  
 Managing Director

.....  
 Gurcharan Grover  
 Director Finance & Control

18 February 2021



NESTLÉ LANKA PLC

STATEMENT OF FINANCIAL POSITION

<b>As at :</b>	<b>31.12.2019</b>	<b>31.12.2020</b>
	<b>Rs. '000s</b>	<b>Rs. '000s</b>
	<b>Audited</b>	<b>Audited</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	9,012,305	8,396,939
Capital Work-In-Progress	377,235	523,837
Other Non-Current Assets	366,115	349,027
	<u>9,755,655</u>	<u>9,269,803</u>
<b>Current Assets</b>		
Inventories	3,486,130	4,947,795
Trade and Other Receivables	2,686,713	2,045,837
Amount Due from Related Parties	434,476	440,332
Cash and Cash Equivalents	507,585	2,507,912
	<u>7,114,904</u>	<u>9,941,876</u>
<b>Total Assets</b>	<u><b>16,870,559</b></u>	<u><b>19,211,679</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated Capital	537,255	537,255
Retained Earnings and Reserves	4,972,354	5,396,528
	<u>5,509,609</u>	<u>5,933,783</u>
<b>Non-Current Liabilities</b>		
Retirement Benefit Obligations	368,940	439,120
Deferred Tax Liabilities	997,439	1,036,119
Non-Current Provisions	421,434	524,089
Non-Current Financial Liabilities	1,984,029	84,460
	<u>3,771,842</u>	<u>2,083,788</u>
<b>Current Liabilities</b>		
Trade and Other Payables	4,951,225	6,225,296
Amount Due to Related Parties	805,046	1,893,087
Current Tax Payable	652,508	935,197
Dividends Payable	192,752	86,772
Current Financial Liabilities	987,577	2,053,756
	<u>7,589,108</u>	<u>11,194,108</u>
<b>Total Liabilities</b>	<u>11,360,950</u>	<u>13,277,896</u>
<b>Total Equity and Liabilities</b>	<u><b>16,870,559</b></u>	<u><b>19,211,679</b></u>
<b>As at (Rs.):</b>		
<b>Net asset value per share</b>	<b>102.55</b>	<b>110.45</b>
<b>Market value per share during the quarter</b>		
- Highest	1,439.70	1,348.90
- Lowest	1,150.00	1,040.00
- Last traded price (Date 31/12/2019, 31/12/2020)	1,299.80	1,275.00

.....  
**Fabrice Cavallin**  
**Managing Director**

.....  
**Gurcharan Grover**  
**Director Finance & Control**

18 February 2021



**NESTLÉ LANKA PLC**

**STATEMENT OF CASH FLOWS**

<i>For the Year Ended 31 December</i>	<b>2019</b> <i>Rs. '000s</i>	<b>2020</b> <i>Rs. '000s</i>
<b>Cash Flows from Operating Activities</b>		
Profit before Taxation	3,769,894	4,263,921
<b>Adjustments for :</b>		
Depreciation of Property, Plant and Equipment	1,029,719	968,272
Impairment of Property, Plant and Equipment	12,052	-
Loss on sale of Property, Plant and Equipment	35,614	2,205
Amortization of Staff Loan	30,390	31,731
Interest Expense	354,225	267,297
Interest Income	(36,963)	(39,170)
Movement of Retirement Benefit Obligation (Excluding Actuarial Gain/Loss)	(33,660)	(42,330)
<b>Operating Profit before Working Capital Changes</b>	<b>5,161,271</b>	<b>5,451,926</b>
<b>Working Capital Changes</b>		
Increase in Inventories	(498,286)	(1,461,665)
Decrease in Trade and Other Receivables	645,799	636,894
Decrease / (Increase) in Amount due from Related Parties	419,658	(5,856)
Increase in Trade and Other Payables	363,117	1,270,820
Increase / (Decrease) in Amount due to Related Parties	(504,906)	1,086,329
<b>Cash Generated from Operations</b>	<b>5,586,653</b>	<b>6,978,448</b>
Income Tax Paid	(1,101,884)	(859,873)
<b>Net Cash Flows Generated from Operating Activities</b>	<b>4,484,769</b>	<b>6,118,575</b>
<b>Cash Flow from Investing Activities</b>		
Investment in Property, Plant and Equipment	(561,931)	(434,371)
Proceeds from Sale of Property, Plant and Equipment	11,049	840
Movement of Other Non-Current Financial Assets	(12,231)	17,088
<b>Net Cash Flows used in Investing Activities</b>	<b>(563,113)</b>	<b>(416,443)</b>
<b>Cash Flow from Financing Activities</b>		
Payment of Lease Liabilities	(87,018)	(65,887)
Dividend Paid	(2,675,526)	(2,543,473)
Interest Paid	(356,934)	(265,547)
Interest Received	6,573	7,439
<b>Net Cash Flows used in Financing Activities</b>	<b>(3,112,905)</b>	<b>(2,867,468)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>808,751</b>	<b>2,834,664</b>
Cash and Cash Equivalents at the beginning of the period	(1,225,301)	(416,550)
<b>Cash and Cash Equivalents at the end of the period</b>	<b>(416,550)</b>	<b>2,418,114</b>
<b>Analysis of Cash and Cash Equivalents at the end of the period</b>		
Cash and cash equivalents in the statement of financial position	507,585	2,507,912
Current Financial Liabilities for the purpose of the statement of cash flows <small>[Excluding Short Term Lease Liabilities of Rs. 70,958 (2019 - Rs. 63,442) &amp; Loan from Related Party Rs. 1,893,000]</small>	(924,135)	(89,798)
<b>Cash and Cash Equivalents in the statement of cash flows</b>	<b>(416,550)</b>	<b>2,418,114</b>

*For*

*[Signature]*



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>
<b>Balance as at 1 January 2019 (Audited)</b>	<b>537,255</b>	<b>5,034,985</b>	<b>62,916</b>	<b>5,635,156</b>
<b>Total Comprehensive Income for the Year</b>				
Profit for the Year	-	2,565,983	-	2,565,983
Other Comprehensive Income	-	-	(5,256)	(5,256)
<b>Transactions with Owners of the Company Recognised Directly in Equity</b>				
Interim Dividend	-	(1,343,137)	-	(1,343,137)
Final Dividend	-	(1,343,137)	-	(1,343,137)
<b>Balance as at 31 December 2019 (Audited)</b>	<b>537,255</b>	<b>4,914,694</b>	<b>57,660</b>	<b>5,509,609</b>
<b>Balance as at 1 January 2020</b>	<b>537,255</b>	<b>4,914,694</b>	<b>57,660</b>	<b>5,509,609</b>
<b>Total Comprehensive Income for the Year</b>				
Profit for the Year	-	2,946,883	-	2,946,883
Other Comprehensive Income	-	-	(85,217)	(85,217)
<b>Transactions with Owners of the Company Recognised Directly in Equity</b>				
Unclaimed Dividend Written Back	-	114,467	-	114,467
Interim Dividend	-	(1,611,764)	-	(1,611,764)
Final Dividend	-	(940,195)	-	(940,195)
<b>Balance as at 31 December 2020 (Audited)</b>	<b>537,255</b>	<b>5,424,085</b>	<b>(27,557)</b>	<b>5,933,783</b>

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

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## NESTLÉ LANKA PLC

### NOTES TO THE FINANCIAL STATEMENTS

1. The interim financial statements have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34 Interim Financial Reporting and other applicable Sri Lanka Accounting Standard.

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 businesses 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.

Sales has been impacted due to the imposition of curfew/lockdowns from time to time throughout the year, which resulted in an adverse impact on the business operations consequent to the closure of grocery stores, street channel, hotels, restaurants and schools etc.

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. 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

The Board of Directors have declared an interim dividend of Rs. 35.00 per share on 18 February 2021 and have also proposed a final dividend of Rs. 20.00 per share for the year ended 31 December 2020; subject to approval by the shareholders at the upcoming Annual General Meeting.

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

6. Contingent Liabilities

Income Tax Assessments up to 2020 amounting to Rs. 302 Mn (Up to 2019 - Rs. 302 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.

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 - 5,713
- Float Adjusted Market capitalization as at 31 December 2020 : Rs. 6,288,297 (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	Deutsche Bank AG-London	250,000	0.47
5	RBC Investor Services Bank-Coeli Sicav I-Frontier Markets Fund	241,342	0.45
6	Miss Harnam Neesha Joint Mrs. Jasbinderjit Kaur Piara Singh	200,000	0.37
7	Deutsche Bank AG Singapore A/C2 (DCS CLT Acc For Deutsche Bank Ag Singapore - PWM WM Client)	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	Commercial Bank of Ceylon PLC/P.Subasinghe	68,000	0.13
14	Union Assurance PLC/ Account No.5 (Unit-Linked Life Insurance Fund - Equity Fund)	54,943	0.10
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 Andal	36,667	0.07

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