

# National Foods Ltd. (NATF)

Notified Research Entity  
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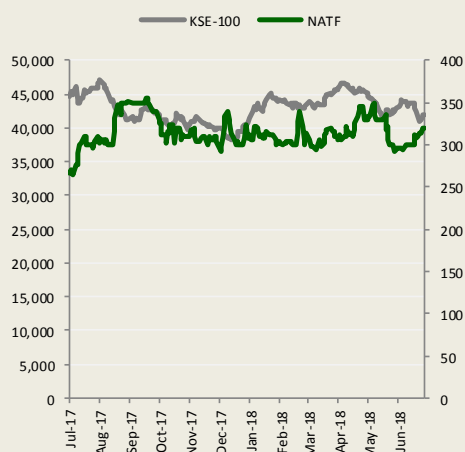
Result Review

## KEY DATA

PSX Ticker	NATF
Sector	FOOD & PC PROD.
Current Price PkR	285
Market Cap (PkR mn)	29,528.85
Market Cap (US\$ mn)	238.14
52 weeks High	354.98
52 weeks Low	277.98
Shares Outstanding (mn)	103.61
Free Float (%)	25%

Source: PSX/Darson Research

## RELATIVE PERFORMANCE



## EPS grew by +6%YoY, even though other expenses and finance cost up by +111%YoY and +87%YoY respectively

NATF announced its financial result for the year ended June, 30<sup>th</sup> 2018, wherein the bottom-line of the company swelled to PKR 1,027mn up +6%YoY, translating into an EPS of PKR 9.7 when compared with the same period last year in which NPAT was PKR 973mn (EPS: PKR 9.2), in conjunction with the result, the company also announced a cash dividend of PKR 3.75/share i.e. 75% and bonus shares of 20%.

The topline of the company clocked in at PKR 21,592mn, a surge of +28%YoY for FY18 owed to consistent growth in local sales and expanding share of exports, while gross profit of the company stood at PKR 6,704mn positively impacting the bottom-line, while on the other hand CoGS also recorded an increase of +31%YoY on yearly basis as compared to last year.

Moreover distribution cost of the company increased to PKR 4,245mn, an incline of +22%YoY as compared to same period last year, in which it was PKR 3,478mn due to on-going sales promotion. On the other hand, other expenses of the convenience based food products manufacturer, grew drastically by +111%YoY to PKR 230mn against PKR 109mn.

The operating profit and profit before taxation of the company stood at PKR 1,369mn and PKR 1,173mn, down -4%YoY and -11%YoY respectively. As far as finance cost is concerned, a rise of +87%YoY was witnessed, which recorded at PKR 196mn in FY18 versus PKR 105mn.

PKR MN	FY'18	FY'17	YoY%
Sales	21,592	16,816	28%
Cost of Sales	14,888	11,383	31%
<b>Gross Profit</b>	<b>6,704</b>	<b>5,433</b>	<b>23%</b>
Distribution Cost	4,245	3,478	22%
Administrative Expenses	913	520	75%
Other Expenses	230	109	111%
Other Income	53	99	-46%
<b>Operating Profit</b>	<b>1,369</b>	<b>1,424</b>	<b>-4%</b>
Finance Cost	196	105	87%
<b>Profit Before Taxation</b>	<b>1,173</b>	<b>1,319</b>	<b>-11%</b>
Taxation - Net	146	346	-58%
<b>Profit After Taxation</b>	<b>1,027</b>	<b>973</b>	<b>6%</b>
Earnings per share (basic and diluted)	9.7	9.2	6%

Source: Darson Research, Company Accounts

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#### Rating System:

- |   |                     |
|---|---------------------|
| If;                                       |                     |
| • Expected return >15%                    | - Buy Call          |
| • Expected Return is in between 0% to 15% | - Neutral/Hold Call |
| • Expected Return <0%                     | - Sell Call         |

#### Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: [www.JamaPunji.pk](http://www.JamaPunji.pk)

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