



DYNAMIC PORTFOLIO LIMITED
CAPITAL MARKET & RESEARCH UNIT
(MEMBER OF THE NIGERIAN STOCK EXCHANGE)
PENT HOUSE, 20 CAMPBELL STREET, LAGOS
0805550606, 08053248917, 08023160752

ANALYSIS OF MOBIL NIGERIA PLC DEC 2014 FINANCIAL RESULT

PROFITABILITY

Mobil revenue increased at a flat rate of 1% to ₦79.6 billion in the close of 2014 from ₦78.7 billion in the preceding year. A higher level of increase was expected but, the company noted in its annual report that the results were adversely impacted by government controlled fixed margin on gasoline and kerosene as well as the supply disruptions in the second half of the year. The direct cost of operation also remain flat at a value of 68.8 billion in 2014. However the profit margin increased from 2.42% in 2013 to 8.03 in 2014. The Return on Capital Employed stood as 19.44% as against 13.21 in the year 2013. The improvement in both the profit margin and the ROCE is on the heel of sales of which worth ₦2.6 billion after tax. The profit after tax stood at ₦6.4 billion, a growth of 83.66% from ₦3.5 billion in the previous year. Eliminating the after tax profit, ₦2.6 billion, from this figure will give after tax profit of ₦3.8 billion, a growth of 8.5%.

LIQUIDITY

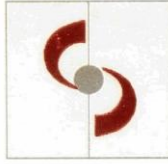
The current assets of Mobil Nigeria can only cover 75% of its current obligation. Eliminating the inventories from the current asset figure will make the firm's other current asset to cover only 48% of the current liabilities. This is not an impressive liquidity level, and may be as a result of steep increase in short-term borrowing which appeared to be nil in the previous year but stood at ₦1.7 billion in 2014. The current liability rose by 13.64% within 2013 and 2014 as against 12.37% increase in current asset.

LONG-TERM SOLVENCY

The company's gearing ratio is on the high side of 155.5%. This in addition to the poor current and acid test ratio is not a particularly good financial position. However, there was a decline in the gearing ratio, as it stood at 176.25% in 2013 financial year. The Long-term liability stood at ₦19.3 billion while the shareholders equity is ₦13.55 billion. The profit available to set the company's finance cost is able to set the same off 46 times. This suggests that the firm should not have problem in liquidating borrowing cost.

INVESTOR'S RATIO

The Earnings Per Share increased from ₦9.65 in 2013 to ₦17.73 in 2014. This means that the company increased its efficiency by generating more earnings per unit of shareholders ordinary stock. The proportion of earnings available for shareholders paid out in 2014 is 37%. This is lower when compared to 62% paid out in 2013. It can be said that the company does not have a stable dividend policy but,



DYNAMIC PORTFOLIO LIMITED
CAPITAL MARKET & RESEARCH UNIT
(MEMBER OF THE NIGERIAN STOCK EXCHANGE)
PENT HOUSE, 20 CAMPBELL STREET, LAGOS
08055550606, 08053248917, 08023160752

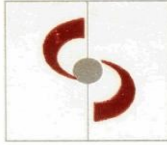
according to the Chairman's statement, the company is experiencing cash flow problem. This could be a reason for retaining a larger percentage of the earnings in the business.

FINANCIAL SUMMARY OF PROFIT OR LOSS STATEMENT AS AT 31 DECEMBER, 2014

	2014	2013	% Changes
	N'000	N'000	
Revenue	79,583,738.00	78,744,100.00	1.07
Cost of Sales	(68,846,436.00)	(68,803,945.00)	0.06
Gross Profit	10,737,302.00	9,940,155.00	8.02
Profit before tax	8,446,137.00	5,123,002.00	64.87
Profit after tax	6,392,790.00	3,480,785.00	83.66

FINANCIAL SUMMARY OF STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2014

	2014	2013	% Changes
	N'000	N'000	
Non-current assets	36,965,718.00	29,817,606.00	23.97
Current assets	12,260,857.00	10,910,916.00	12.37
Inventories	4,364,245.00	4,509,924.00	(3.23)
Total assets	49,226,575.00	40,728,522.00	20.87
Current Liabilities	16,342,064.00	14,380,876.00	13.64
Short-time borrowings	1,714,618.00		
Shareholders' equity	13,549,450.00	9,537,631.00	42.06
Non-Current Liabilities	19,335,061.00	16,810,015.00	15.02
Capital Employed	32,884,511.00	26,347,646.00	24.81
No of Shares (000)	360,596.00	360,596.00	



DYNAMIC PORTFOLIO LIMITED
CAPITAL MARKET & RESEARCH UNIT
(MEMBER OF THE NIGERIAN STOCK EXCHANGE)
PENT HOUSE, 20 CAMPBELL STREET, LAGOS
08055550606, 08053248917, 08023160752

ANALYSIS OF FINANCIAL RATIOS

Financial Ratios		
	2014	2013
Profit Margin (%)	8.03	4.42
Gross profit margin	13.49	12.62
Return on Capital Employed (%)	19.44	13.21
Current Ratio	0.75	0.76
Acid Test Ratio	0.48	0.45
Debt Ratio to Equity (%)	155.35	176.25
Interest Cover	45.90	34.72
EPS (Kobo)	1,772.84	965.29
P/E Ratio	8.91	
DPS (Kobo)	660.00	600.00

RECOMMENDATION

We recommend a buy option. Mobil Nigeria Plc improved its profitability level drastically in the year 2014 and there is tendency to sustain this profitability.

Disclaimer

This report is prepared by the Capital Market and Research Unit of Dynamic Portfolio Ltd as a guideline for clients that intend to invest in stocks on the basis of their own investment decision without completely relying on the information contained herein. Thus, Clients should use this report as one of many other factors in making their investment decisions. Although the report has been carefully prepared, no responsibility or liability whatsoever is accepted by Dynamic Portfolio Ltd for omission of facts and any consequential loss arising from the use of this report.