



**27 April 2017**

**UAC of Nigeria PLC**

**Unaudited results for the first quarter ended 31 March 2017**

**UAC OF NIGERIA PLC REPORTS 41% YEAR ON YEAR TOPLINE GROWTH FOR  
THE FIRST QUARTER ENDED 31 MARCH 2017**

UAC of Nigeria PLC (“UACN”), the leading diversified conglomerate headquartered in Lagos, Nigeria with operations in foods, paints, logistics and real estate, announces today its unaudited results for the first quarter ended 31 March 2017.

Speaking from the Corporate Head Office in Lagos - Nigeria, Larry Ettah, UAC of Nigeria PLC Group Managing Director & CEO commented:

*“Revenue growth of 41% was achieved primarily from price and volume increases in the animal feeds category and recognition of completed projects in our real estate segment. UAC Foods recorded a decline in year-on-year revenues on account of volumes lost to Gala price increase in Q4 2016 but gradual recovery is in play.*

*Continuing difficulties in the macro-economic and operating environment weighed in on margins across board. Input cost increases and elevated borrowing costs had severe impact on agro-processing and real estate categories, with consolidated finance charges rising from N0.8 billion in Q1.2016 to N1.8 billion in Q1.2017 in these segments. The soft real estate and capital markets have hampered the Cash Generation Plans of UPDC.*

*We are taking actions to deal with these challenges. The Rights Issue in Portland Paints has been concluded while those of UPDC and Livestock Feeds have recently opened for subscription. Rights Issue proposal will be tabled at the forthcoming shareholders’ meeting of Grand Cereals Ltd. We are similarly reviewing near term capital requirement at the holding company level and will be deciding on optimal need that enhances UAC’s strategic flexibility.*

*We remain focused on our strategy of pursuing efficiencies and steadying the businesses in 2017”*

## Group Financial Highlights

- Turnover of N24.97 billion, up 41% year on year (N17.7 billion March 2016)
- Gross Profit of N4.1 billion, up 4% (N3.98 billion March 2016)
- Operating Profit of N1.77 billion, up 6% (N1.66 billion March 2016)
- Other Income N137.9 million, down 48% (N266.7 million March 2016)
- Profit Before Tax of N829 million, down 53% (N1.76 billion March 2016)
- Profit After Tax of N605.5 million, down 54% (N1.3 billion March 2016)
- Gross Profit Margin of 17% (23% March 2016)
- Operating Profit Margin of 7% (9% March 2016)
- Annualised EPS of 114 kobo (164 kobo March 2016)
- Annualised ROE of 3% (7% March 2016)
- Gearing ratio of 0.42x (0.39x Dec 2016)

## Subsidiary Performance Review:



**UAC Foods Limited** (foods, ice-cream, fruit drinks and spring water)

Profit Before Tax of N376.7 million, down 10% (N417.8 million March 2016)

### Operational highlights

- **Turnover down 18%**
- **Gradual recovery of volumes lost to price increase**
- **Escalating input costs impacting profitability**
- **Credit squeeze limiting capacity of trade partners**



**Grand Cereals Limited** (animal feed, cereal meal and edible oil)

Profit Before Tax of N440 million, up 3% (N428 million March 2016)

### Operational highlights

- **Turnover up 88%**
- **Scarcity and rising costs of key raw materials**
- **High finance costs**



**Livestock Feeds PLC** (animal feed)

Profit Before tax of N26 million (Loss of N3.4 million March 2016)

**Operational highlights**

- *Turnover up 49%*
- *Completed and commissioned 2 new silos in Aba*
- *Egg glut and poultry depopulation impacting volumes*
- *High finance costs*



**UAC Restaurants Limited** (QSR)

Loss Before Tax of N7.4 million (Loss of N6.7 million March 2016)

**Operational highlights**

- *Turnover up 3%*
- *Rising Input costs and Public power shortages impacting margins*
- *Weak consumer purchasing power impacting footfall*



**UPDC PLC** (real estate)

Loss Before Tax of N1.2 billion (Loss of N125 million March 2016)

**Operational highlights**

- *Turnover up 189% from completed projects recognition*
- *Soft real estate and capital markets hindered execution of cash generation plan*
- *Significant rise in interest rate and charges (100%)*
- *Obtained regulatory approval for rights issue*



#### **CAP PLC (Paints)**

Profit Before Tax of N574 million, down 7% (N620 million March 2016)

##### ***Operational highlights***

- ***Turnover down 6%***
- ***Launched 3 new colour shops***
- ***Installed automated in-plant tinting machine***
- ***Limited construction activities***



#### **Portland Paints and Products Nigeria PLC (Paints)**

Profit Before Tax of N13.4 million (Loss of N41.6 million March 2016)

##### ***Operational highlights***

- ***Turnover up 29%***
- ***Limited Construction Projects & constrained Government contracting spend***
- ***Concluded Rights Issue***
- ***Implemented new ERP - SAP***



#### **MDS Logistics Limited (Logistics)**

Profit Before Tax of N255.7 million, down 13% (N293 million March 2016)

##### ***Operational highlights***

- ***Turnover up 5%***
- ***Signed on 2 new clients***
- ***Portfolio optimisation of service offerings to clients***
- ***Declining client volumes – weak consumer demand***

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UAC of Nigeria PLC (UAC), a diversified company has for over a century played a prominent role in the development of Nigeria. UAC's growth strategy consists in building strong partnerships with leading regional and international corporations to drive effective business transformation and deliver sustainable growth.

UAC operates through the following subsidiaries:-

- Grand Cereals Limited manufactures and markets Grand Soya Oil, Vital Poultry/Fish Feeds, Bingo Dog Feed and Grand Maize Meals.
- UAC Foods Limited, a joint venture business with Tiger Brands Limited, offers the award winning Gala Sausage Roll, Funtime Coconut Chips, Supreme Ice Cream & Swan Bottled Spring Water
- UAC Restaurants Limited, a joint venture with Famous Brands Limited, manages the network of Quick Service Restaurants across Nigeria under the market leading Mr Biggs' brand, Debonairs Pizza & Steers.
- MDS Logistics Limited, a joint venture with Imperial Logistics, is the leading integrated supply chain solutions provider in Nigeria with distribution centres across Nigeria.
- UACN Property Development Company Plc (UPDC) is a foremost property development and management company quoted on the Nigerian Stock Exchange.
- CAP Plc, the Akzonobel technical licensee of Dulux, is the leading decorative paint producer in Nigeria.
- Livestock Feeds Plc is an animal feeds operation with mills in Lagos and Aba
- Portland Paints and Products Nigeria Plc is a leading paint manufacturer in Nigeria with a strong brand, broad product range and nationwide distribution network.
- UNICO CPFA Limited, a closed pension fund administrator dedicated to servicing the pension needs of UAC employees

For more information visit [www.uacnplc.com](http://www.uacnplc.com)

## **uac...doing good**

### *CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS*

*This announcement contains or will contain forward-looking statements which reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend" "estimate", "project", "target", "risks", "goals" and similar terms and phrases have been used to identify the forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. UAC of Nigeria Plc cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Company's disclosure materials filed from time to time with Securities & Exchange Commission in Nigeria. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*