



PRESS RELEASE
Regulated information

Q1 2019 Profit before tax of ₦1.5 billion up 52.2% Y-o-Y

Lagos, 3 May 2019 - UAC of Nigeria Plc (“UACN”, or “the Group”) announced its unaudited results for the first quarter ended 31 March 2019.

Group Highlights

In million ₦, unless otherwise stated	Q1 2019	Q1 2018	Δ %
Revenue	20,625	18,312	12.6%
Gross Profit	4,457	3,812	16.9%
<i>Gross Profit Margin</i>	<i>21.6%</i>	<i>20.8%</i>	<i>+79.5 bps</i>
Selling & Distribution Expenses	1,406	1,288	9.1%
Administrative Expenses	1,546	1,574	(1.8%)
Impairments/Other operating losses	116	-	n/m
<i>Operating Expenses (% of revenue)</i>	<i>14.9%</i>	<i>15.6%</i>	<i>(75.3bps)</i>
EBIT	1,491	1,230	21.2%
<i>EBIT Margin</i>	<i>7.2%</i>	<i>6.7%</i>	<i>+50.8 bps</i>
Finance Income	940	703	33.8%
Finance Cost	(948)	(1,149)	(17.5%)
Net finance (cost)/income	(8)	(446)	(98.1%)
Gross Interest Cover Ratio	1.57x	1.07x	46.8%
Net Interest Cover Ratio	177.6x	2.8x	n/m
Profit Before Tax	1,482	974	52.2%
<i>Profit Before Tax Margin</i>	<i>7.2%</i>	<i>5.3%</i>	<i>+187 bps</i>
<i>Tax expense</i>	<i>(445)</i>	<i>(265)</i>	<i>67.9%</i>
<i>Effective tax rate (%)</i>	<i>30%</i>	<i>27%</i>	<i>+300 bps</i>
Net Profit from cont. ops. attributable to Group	996	598	66.6%
Net Profit from cont. ops. attributable to UAC shareholders	659	344	91.7%
Annualised basic Earnings per share from cont. ops. (Kobo) ¹	97.2	63.1	54.1%
Annualised Return on average Equity (ROaE)	5.3%	3.2%	+207.3 bps
Annualised Return on Invested Capital (ROIC)	4.9%	4.2%	+64 bps
Working capital/ LTM revenue	32.2%	33.2%	(97.9 bps)
Net Debt / EBITDA	(1.1)	(0.9)	29.2%
Free Cash Flow	1,572	(2,270)	n/m

	31 Mar 2019	31 Dec 2018	Δ
Quick Ratio	0.94x	0.87x	n/m
Current Ratio	1.56x	1.52x	n/m
Gearing	32.7%	32.6%	n/m
Total Assets / Equity	1.77x	1.77x	n/m

n/a: not applicable
n/m: not meaningful

Figures in this release are subject to rounding differences

¹) UACN share count was stable Y-o-Y, at 2,881,296,000 shares.



Commenting on the performance, Group Managing Director/Chief Executive Officer, Mr Folasope Aiyesimoju, stated:

The results achieved in the first quarter are positive, with good top line recovery in our Animal Feeds and other Edibles segment, coupled with operating margin accretion year-on-year across businesses. Addressing challenges relating to UACN Property Development Company remains a key focus for us and we expect to present a sustainable solution before the end of 2019. We envisage making good progress in recruiting substantive CEOs for Grand Cereals Limited and Chemical and Allied Paints Plc. UACN's transition into a lean holding company will provide the right platform for our subsidiaries to grow in their respective segments.

Group Performance and Financial Review

Revenue was 12.6% higher Y-o-Y, at ₦20.6 billion in Q1 2019. The increase resulted primarily from the Animal Feeds & other Edibles segment (+21.7% Y-o-Y), following recovery of market share lost to intense price-based competition in prior year. Group revenue growth was also driven by good progress in Paints (+12.3%), Quick Service Restaurants (+15.6%) and Logistics (+0.7%), whereas Packaged Foods was flat Y-o-Y (-0.2%) and reduced inventory in Real Estate resulted in a 15.9% revenue decline.

Gross profit was up 16.9 % Y-o-Y to ₦4.5 billion in Q1 2019, on account of broad-based improvement across all businesses. This was achieved due to higher turnover, reduced input costs, and efficiency gains in production. Gross profit margin was up 79.5 basis points to 21.6% in Q1 2019.

EBIT increased by 21.2% to ₦1.5 billion in Q1 2019. Though the loss in real estate increased to ₦0.2 billion, Group EBIT improved Y-o-Y by operational efficiency improvements in Packaged Foods (EBIT up 45.0%) and by higher revenues in Animal Feeds & other Edibles (+22.8%). Despite a 7.2% increase in Group operating expenses, the Group **EBIT margin** increased by 50.8 basis points Y-o-Y to 7.2%, driven by Packaged Foods, Logistics, Animal Feeds and Paints. The Y-o-Y increase in operating expenses included a 9.1% increase in **selling and distribution expenses**, mainly on account of higher investments in Animal Feeds, whilst **administrative expenses** were kept under control (-1.8%).

As a result of the above, coupled with a 98.1% decline in net finance costs, **Profit Before Tax** grew 52.2% higher Y-o-Y, to ₦1.5 billion in Q1 2019. Whilst finance costs decreased by 17.5% Y-o-Y, driven by partial repayment of UPDC's short term debt and lower average interest rates (from 18.5% in Q1 2018 to 16.2% in Q1 2019), finance income increased by 33.8% Y-o-Y, due to increased interest income on the proceeds from the rights issue and on higher cash generation in Paints and Packaged Foods.

In line with the increase in Profit before Tax Y-o-Y, the Q1 2019 **tax expense** was up 68.0% compared with Q1 2018 and amounted to ₦444.6 million with a resultant effective tax rate of 30.0% relative to 27.2% in the year ago period. As a result, **the Profit after Tax from continuing operations** rose to ₦1.0 billion, up 46.3% Y-o-Y against ₦709.0 million in Q1 2018, whilst **Q1 2019 Total Profit** was ₦996.0 million, 66.5% higher Y-o-Y². **Net Profit Attributable to Group Shareholders** amounted to ₦658.6 million, up 91.7% Y-o-Y. Earnings Per Share increased by 54% to 24 kobo³.

Free cash flow was a positive ₦1.6 billion in Q1 2019, against a negative ₦2.3 billion in Q1 2018. The Y-o-Y improvement was on account of improvement of ₦2.1 billion in net cash generated from operating activities against negative cash of ₦2.0 billion in Q1 2018 and ₦532.7 million in net purchase of PPE. Net cash from operating activities improved Y-o-Y largely on account of increased PBT of ₦508.6 million and cash inflow from inventory of ₦1.1 billion despite an outflow of ₦1.2 billion in receivables. The increased cash from inventory was a result of a change in timing of procurement of key raw materials in the Animal Feeds and other Edibles segment.

² Including a ₦41.5 million net loss from Discontinued Operations (UPDC Hotels in Q1 2019; Unico CPFA and Warm Spring Waters Nigeria Limited and UPDC Hotels in Q1 2018) in Q1 2019, down 62.5% compared with Q1 2018.

³ UACN share count was stable Y-o-Y, at 2,881,296,000 shares.

UACN's financial structure at the end of March 2019 was broadly comparable with the end of December 2018, resulting in a stable gearing (32.7% against 32.6%, respectively) and financial leverage (1.77x in both March 2019 and December 2018). **Return on average Equity (annualised)** increased by 207.3 basis points to 5.3%, whilst the **Return on Invested capital (annualised)** increased by 64 basis points to 4.9%.

Operating Segment Performance⁴

Revenue (% ⁵ and ₦'m)	Q1 2019	Q1 2018	Δ %
Animal Feeds & other Edibles (55.1%)	11,364	9,337	21.7%
Paints (14.0%)	2,895	2,578	12.3%
Packaged Foods (20.6%)	4,239	4,247	(0.2%)
Quick Service Restaurants (1.6%)	337	291	15.6%
Logistics (6.0%)	1,247	1,239	0.7%
Real Estate (2.3%)	484	576	(15.9%)
Earnings / (Loss) before Interest & Tax - EBIT (₦'m)	Q1 2019	Q1 2018	Δ %
Animal Feeds & other Edibles	491	400	22.8%
Paints	709	644	10.0%
Packaged Foods	469	323	45.0%
Quick Service Restaurants	0	(2)	(128.4%)
Logistics	259	202	28.5%
Real Estate	(232)	(38)	513.3%
Profit/ (Loss) Before Tax - PBT (₦'m)	Q1 2019	Q1 2018	Δ %
Animal Feeds & other Edibles	122	(27)	n/m
Paints	830	714	16.3%
Packaged Foods	605	443	36.4%
Quick Service Restaurants	3	(1)	n/m
Logistics	296	222	33.5%
Real Estate	(968)	(745)	29.8%

n/a: not applicable
n/m: not meaningful

Animal Feeds & other Edibles

The Animal Feeds & other Edibles segment comprises Grand Cereals Ltd ("GCL") and Livestock Feeds Plc ("LSF"). UACN owns 67.2% of GCL and 73% of LSF

Revenue from the Animal Feeds & other Edibles segment (55.1% of Q1 2019 Group Revenue) increased by 21.7% Y-o-Y to ₦11.4 billion in Q1 2019, following recovery of market share through sustained engagement with the distribution value chain, competitive pricing and improved trade terms. Whilst industry dynamics remain challenging, mainly due to an increase in production capacity of competitors, the segment delivered significant volume growth in poultry and fish feeds Y-o-Y.

EBIT was up by 22.8% to ₦491.1 million in Q1 2019 (Q1 2018: ₦400.0 million), resulting in an EBIT margin of 4.3%, stable Y-o-Y. Operating expenses increased by 4.9% over the period to ₦752.8 billion, due to higher investments into selling and distribution. The segment also posted a ₦121.8 million profit before tax in Q1 2019 (1.1% margin), against a ₦26.7 million loss in Q1 2018.

The search for GCL's new MD/CEO continues following the retirement of Muhktar Yakasai in February 2019. In the meantime, the board of GCL was strengthened with the appointment of Mr Daniel Obaseki. As indicated previously, the management team remains focused on product quality and consistency, raw material procurement efficiency and deepening route to market. Mr Daniel Obaseki was also appointed to the board of LSF.

⁴) Numbers shown in Group financial statements have been adjusted by intra group transactions

⁵) Expressed as a percentage of Q1 2019 Group revenue. Revenue generated by Head Office is not included in the table as it is not allocated to any segment

Paints

This segment comprises Chemical and Allied Paints Plc (“CAP”) and Portland Paints and Products Nigeria Plc (“PPP”). UACN owns 51.6% of CAP and 85.5% of PPP.

Revenue from the Paints segment (14.0% of Q1 2019 Group Revenue) was 12.3% higher Y-o-Y in Q1 2019, at ₦2.9 billion from a combination of higher volumes and average prices

EBIT increased by 10.0% Y-o-Y to ₦708.7 million, against ₦644.1 million in Q1 2018 on revenue growth and operational efficiencies. The positive impact from the above, combined with higher finance income, also led to a 16.3% increase in Profit before Tax Y-o-Y to ₦829.9 million, in turn resulting in a 28.7% margin (+97.8 basis points Y-o-Y).

As indicated previously, the search for a new MD/CEO for CAP Plc continues following the retirement of Kemi Ogunnubi in February 2019. Board appointments are expected in the near term at PPP in order to strengthen the Company’s corporate governance.

Packaged Foods - UAC Foods Limited (51% ownership)

The Packaged Foods segment (20.6% of Q1 2019 Group Revenue) was broadly stable Y-o-Y at ₦4.2 billion in Q1 2019.

The segment’s EBIT was up by 45.0% Y-o-Y to ₦468.6 million, leading to a 344.2 basis points EBIT margin accretion Y-o-Y, to 11.1%. Profit before tax was up 36.4% Y-o-Y, leading to a 14.3% margin (+382.6 basis points Y-o-Y). The strong margin accretion resulted from management’s efforts to improve operational efficiency and from higher net interest income.

Following the appointment of a new management team led by Dr. Oladele Ajayi in 2018, Peter Mombaur was recently appointed as Chairman of UAC Foods Limited. The new management team remains focused on quality and availability of products, with initiatives designed to improve manufacturing practices being implemented.

Quick Service Restaurants - UAC Restaurants Limited (51% ownership)

Revenue from the Quick Service Restaurants segment (1.6% of Q1 2019 Group Revenue) was up 15.6% Y-o-Y to ₦336.5 million in Q1 2019, from ₦291.1 million in Q1 2018. Y-o-Y revenue growth was driven by double digit volume growth as well as an increase in average prices.

EBIT increased to a ₦0.5 million profit in Q1 2019 (0.1% margin), against a ₦1.6 million loss in Q1 2018, primarily on the back of the revenue performance described above. This, combined with higher interest income, led to a Profit before Tax of ₦3.2 million in Q1 2019 (1.0% margin), up against a ₦0.6 million loss in Q1 2018.

The board was strengthened in Q1 2019 with the appointments of Muhibat Abbas as Chairman and Adenium Taiwo as Non-Executive Director of the Company.

Logistics - MDS logistics (51% ownership)

Revenue from the Logistics segment (6.0% of Q1 2019 Group Revenue) was broadly stable Y-o-Y in Q1 2019, at ₦1.2 billion. Whilst warehousing and haulage activities continued to grow Y-o-Y, though progress was offset by lower distribution revenue.

Despite the absence of revenue growth, EBIT grew by 28.5% Y-o-Y to ₦259.1 million (margin +450 basis points Y-o-Y to 20.8%) due to improved profitability in Haulage and a decrease in administrative costs. In addition, the increase in operating profits resulted in a 33.5% Y-o-Y increase in Profit before Tax, to ₦296.5 million (23.8% margin, up 584.3 basis points Y-o-Y).

Peter Mombaur was appointed Chairman of MDS Logistics in Q1 2019, reinforcing the Company's corporate governance.

Real Estate - UPDC (64.2% ownership)

Revenue declined by 15.9% Y-o-Y in the Real Estate segment (2.3% of Q1 2019 Group Revenue) to ₦484.1 million in Q1 2019, due to lower inventory sales and continued challenging market conditions.

The segment incurred a ₦232.1 million operating loss in Q1 2019 (Q1 2018: -₦37.8 million). The Y-o-Y increase resulted primarily from lower revenue as well as losses on the disposal of investment properties. Despite a 27.2% decline in finance costs Y-o-Y, the segment's loss before tax increased to ₦967.7 million in Q1 2019 (-₦745.5 million in Q1 2018). The increase in the loss reflected timing differences in the recognition of the share of profits from associates and JVs, for which ₦190.0 million was recognised in Q1 2018 but has not been recognised in the current period.

As announced recently, UPDC's senior management team has been considerably strengthened. A plan for the business is expected to be communicated before the end of 2019, whilst management's top priority is to address the Company's capital structure.

For further information, please contact:

Ibikunle Oriola
Group Finance Director
ioriola@uacnplc.com
+2348035350719

Femi Ajaja
Group Finance
fajaja@uacnplc.com
+2348035431939

Financial Calendar

2019 Annual General Meeting - 26 June 2019

Q1 2019 Income statement

In million ₦, unless otherwise stated	Q1 2019	Q1 2018	Var %
CONTINUING OPERATIONS			
Revenue	20,625	18,312	12.6%
Cost of sales	(16,168)	(14,500)	11.5%
Gross profit	4,457	3,812	16.9%
Other operating income	101	280	(63.9%)
Selling and distribution expenses	(1,406)	(1,288)	9.1%
Administrative expenses	(1,546)	(1,574)	(1.8%)
Other operating losses/impairments	(116)	-	n/m
EBIT	1,491	1,230	21.2%
Finance income	940	703	33.8%
Finance cost	(948)	(1,149)	(17.5%)
Net finance (cost) / income	(8)	(446)	(98.1%)
Share of profit of associates and joint venture using the equity method ⁶	-	190	(100.0%)
Profit before tax	1,482	974	52.2%
Income Tax Expense	(445)	(265)	68.0%
Profit after tax for the year from continuing operations	1,038	709	46.3%
DISCONTINUED OPERATIONS			
Loss after tax for the year from discontinued operations	(42)	(111)	(62.5%)
(Loss)/Profit for the period	996	598	66.5%
Profit attributable to:			
Equity holders of the parent	659	344	91.7%
Non-controlling interests	337	255	32.5%
Basic /Diluted Earnings Per Share (Kobo)			
From continuing operations	24	16	n/m
From discontinued operations	(1)	(4)	n/m
From profit for the period	23	12	n/m

n/m – not meaningful

⁶ UPDC diversified its portfolio in 2013 through the floating of UPDC Real Estate Investment Trust (REIT). The share of profit recognized in Q1 2018 is the UPDC's share of the REIT's profit, after adjusting for revaluation gain on investment properties.

Balance sheet as at end March 2019 and end December 2018

In million ₦, unless otherwise stated	31 Mar 2019	31 Dec 2018
Property, plant and equipment	21,819	21,824
Intangible assets and goodwill	1,500	1,526
Investment property	6,108	7,197
Investments in associates and joint ventures	20,091	20,091
Available-for-sale financial assets	48	40
Prepayment	10	9
Deferred tax asset	90	90
Non-current assets	49,666	50,777
Inventories	29,359	30,526
Trade and other receivables	11,433	10,234
Cash and Cash equivalents	33,222	30,275
Right of return assets	8	8
Current assets	74,021	71,043
<i>Assets of disposal group classified as held for sale/distribution to owners⁷</i>	<i>9,149</i>	<i>9,274</i>
Total assets	132,836	131,093
Ordinary share capital	1,441	1,441
Share premium	18,509	18,509
Contingency reserve	29	29
Fair Value/Available-for-sale reserve	15	15
Retained earnings	38,795	38,136
Equity attributable to equity holders of the Company	58,788	58,129
Non-controlling interests	16,416	16,079
Total equity	75,204	74,208
Borrowings	4,394	4,501
Deferred tax liabilities	4,782	4,707
Deferred revenue	1	2
Provisions	11	11
Non-current liabilities	9,188	9,220
Trade and other payables	15,846	15,438
Contract liabilities	15	55
Current income tax liabilities	6,190	6,337
Bank overdrafts and current portion of borrowings	20,163	19,672
Dividend payable	4,900	4,900
Deferred revenue	197	212
Provisions	93	93
Refund liabilities	24	9
Current liabilities	47,429	46,716
<i>Liabilities of disposal group classified as held for sale/distribution to owners</i>	<i>1,016</i>	<i>949</i>
Total liabilities	57,632	56,885
Total equity and liabilities	132,836	131,093

⁷ Assets of disposal group classified as held for sale/distribution to owners represent assets of UHL (UPDC Hotel), UNICO and Warm Spring Waters Nigeria Ltd

Definition of terms

Gross Profit refers to Revenue minus Cost of sales.

Gross Profit Margin corresponds to Gross Profit as a % of Revenue.

Operating Expenses corresponds to Selling and distribution expenses, Administrative expenses and Other operating expenses.

EBITDA refers to Earnings before Interest, Tax, Depreciation and Amortisation

EBITDA margin corresponds to EBITDA as a % of Revenue.

EBIT refers to Gross Profit minus Operating Expenses plus Other operating income.

EBIT Margin corresponds to EBIT as a % of Revenue.

Profit before Tax corresponds to EBIT minus Net finance (cost)/income and plus share of profit of associates and joint venture using the equity method.

Profit before Tax Margin corresponds to Profit before Tax as a % of Revenue.

Return on Equity (annualised) corresponds to Net Profit reported to average Total Equity.

Earnings Per Share (annualised) is Profit After Tax from Continuing operations reported to Weighted average number of Shares.

Working capital is defined as Current Assets minus Current Liabilities.

Quick Ratio is defined as Current Assets minus Inventories reported to Current liabilities.

Current Ratio is defined as Current Assets reported to Current liabilities.

Free Cash Flow corresponds to Net cash flow generated from/ (used in) operating activities minus Purchase of property, plant and equipment and Proceeds from sale of property, plant and equipment.

Gearing is defined as Total borrowings reported to Total Equity.

Total Assets / Equity is defined as Total Assets reported to Total Equity.

Net Interest cover ratio is defined as EBIT reported to net finance costs.

Gross Interest cover ratio is defined as EBIT reported to finance costs.

Return on Invested Capital (annualised) is defined as NOPAT margin multiplied by Invested Capital Turnover

About UAC

UAC of Nigeria PLC (UAC), a holding company, has for over a century played a prominent role in the development of Nigeria. UAC is focused on building a limited set of subsidiaries into undisputed leaders in their chosen segments.

UAC operates through the following subsidiaries:

- Grand Cereals Limited manufactures and markets Grand Soya Oil, Vital Poultry/Fish Feeds, Bingo Dog Food, Grand Maize Meals and Grand Cornflakes.
- Livestock Feeds Plc is an animal feeds operation with mills in Lagos and Aba.
- 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 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.
- Portland Paints and Products Nigeria Plc is a leading paint manufacturer in Nigeria offering Sandtex and Hempel range of decorative and protective coatings

For more information visit www.uacnplc.com

Disclaimer

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 several 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 because of new information, future events or otherwise.