



PRESS RELEASE

Regulated information

Financial Results for the Fourth Quarter and Year Ended 31 December 2021

Lagos, 29 January 2022 – UAC of Nigeria PLC (“UAC” or the “Group”) announced its unaudited results for the fourth quarter and financial year ended 31 December 2021.

Q4 2021 Highlights

- Revenue 26% ahead of Q4 2020 at ₦29.7 billion, driven by sales growth across all business segments.
- Gross profit 13% higher than Q4 2020 at ₦5.2 billion; Gross margin 210 bps lower due to rising raw material costs and supply chain disruptions.
- Operating profit 129% higher at ₦3.6 billion. Adjusting for ₦1.5 billion unrealised fair value gain from investment properties, as well as, ₦570 million representing dividend income received prior to completion of the unbundling of the UPDC Real Estate Investment Trust (UPDC REIT) and the fair value gain recognised on completion of the unbundling, UAC’s underlying operating profit is ₦1.5 billion compared to the ₦1.6 billion recorded in Q4 2020.
- Profit before tax 22% higher than Q4 2020 at ₦3.2 billion.
- **Corporate actions**
 - Completed unbundling of 649 million units in UPDC REIT to UAC shareholders in November 2021.

Commenting on the results, **Group Managing Director, Fola Aiyesimoju**, stated: “We are encouraged by strong topline growth delivered across our operating platforms and improving efficiency as evidenced by our operating expenses to sales ratio. Sustained escalation in raw material costs remains a concern and resulted in deterioration of our gross profit margin which we did not fully offset with our efficiency gains. A key focus going forward is on implementing pricing strategies to improve gross margin. In line with our strategy to simplify the UAC Group structure and enhance shareholder value, we completed the distribution of UPDC REIT units, attained 100% ownership of UAC Foods Limited, merged and fully integrated CAP PLC and Portland Paints and Products Nigeria PLC.”

Group Highlights

In million ₦, unless otherwise stated	Q4 2021	Q4 2020	Δ %	FY 2021	FY 2020 Restated	Δ %
Revenue	29,739	23,560	26.2%	101,107	81,358	24.3%
Gross Profit	5,176	4,595	12.6%	17,534	15,990	9.7%
Gross Profit Margin (%)	17.4%	19.5%	(210 bps)	17.3%	19.7%	(231 bps)
Selling and Distribution Expenses	(1,804)	(1,314)	37.3%	(6,348)	(5,777)	9.9%
Administrative Expenses	(2,173)	(2,437)	(10.8%)	(8,224)	(7,690)	6.9%
Operating Expenses	(3,978)	(3,751)	6.1%	(14,571)	(13,467)	8.2%
Operating Expenses (% of revenue)	13.4%	15.9%	(254 bps)	14.4%	16.6%	(214 bps)
Other income	2,415	735	228.4%	2,789	1,074	159.7%
EBIT	3,614	1,580	128.7%	5,751	3,597	59.9%
EBIT Margin (%)	12.2%	6.7%	545 bps	3.0%	3.5%	(49 bps)
Net Finance (Cost)/Income	(106)	209	n/m	(254)	550	(146.1%)
Share of (Loss)/Profit of Associates	(292)	858	n/m	(904)	973	n/m
Profit Before Tax	3,216	2,647	21.5%	4,594	5,121	(10.3%)
Profit Before Tax Margin (%)	10.8%	11.2%	(42 bps)	4.5%	6.3%	(175 bps)
Profit After Tax From Continuing Operations	2,702	1,974	36.9%	3,268	3,424	(4.6%)
Profit/(Loss) After Tax from Discontinued Operations	-	18	n/m	(2)	470	n/m
Profit for the period	2,702	1,992	35.7%	3,266	3,894	(16.1%)
Profit Margin (%)	9.1%	8.5%	63 bps	3.2%	4.8%	(156 bps)
Basic Earnings Per Share (EPS):						
From Continuing Operations (Kobo)	86	46	86.1%	83	70	18.1%
From Discontinued Operations (Kobo)	-	(2)	n/m	(0)	21	n/m
For the Period (Kobo)	86	44	96.1%	83	91	(8.8%)
Return on Equity (ROE)				5.1%	5.0%	10 bps
Return on Invested Capital (ROIC)				9.1%	5.9%	311 bps

	Dec-21	Dec-20	Δ
Quick Ratio	0.5x	1.3x	(0.7x)
Current Ratio	1.4x	2.1x	(0.7x)
Gearing	38%	7%	3,099 bps
Total Assets / Equity	1.9x	1.5x	0.4x
Net Debt / EBITDA	1.0x	(3.3x)	4.3x
Free Cash Flow	(18,732)	(3,035)	(15,697)

Accounting Changes

The following transactions in respect of subsidiary and associate companies are responsible for key accounting changes in 2021 compared to 2020:

1. UAC disposed significant interest in UPDC PLC (UPDC) in Q4 2020, consequently UPDC, which was accounted for as a discontinued operation in the Group's Statement of Profit or Loss (PoL) for 9 months in 2020, became an associate company in Q4 2020. As such, the 2021 share of loss from associates represents UAC Group's share of loss from UPDC and MDS Logistics Limited (MDS) while the 2020 share of profit from associates relates to the Group's share of profit from MDS (for the full year) and UPDC (for Q4 only).
2. The merger between Chemical and Allied Products PLC (CAP) and Portland Paints and Products Nigeria PLC (PPNP) was effective on 1 July 2021. UAC's shareholding in the enlarged, post-merger, CAP is 56.54%.
3. In September 2021, UAC acquired Tiger Brands Limited's minority shareholding (49%) in UAC Foods Limited (UFL) for a cash consideration of ₦3.92 billion. UFL is now a wholly owned subsidiary of UAC.
4. In November 2021, UAC distributed 649,392,661 UPDC REIT units to its shareholders on a pro rata basis.

Corporate Action Update: Unbundling of UPDC REIT Units

Background: On 31 March 2021, UAC's Board of Directors announced the decision to unbundle the Company's 24.34% interest in UPDC REIT, comprised of 649 million units, to UAC's shareholders via a Scheme of Arrangement (the "Scheme").

Update: The unbundling was completed on 11 November 2021. Qualifying UAC shareholders were credited with UPDC REIT units in accordance with the terms and conditions of the Scheme (Allocation ratio of 0.2254 or 226 UPDC REIT units for every 1,000 UAC shares owned). With the completion of the Scheme achieved, UAC no longer owns any UPDC REIT units.

Group Performance and Financial Review: FY 2021

Revenue in 2021 increased 24.3% YoY to ₦101 billion supported by sales growth across all operating segments. Animal Feeds and Other Edibles segment (+15.7% YoY) driven by price increases to offset rising raw material costs. Paints segment (+44.4% YoY) on account of higher volumes and price increase compared to 2020 which was impacted by limited sales due to the restrictions in the movement of people and goods in Q2 2020. Packaged Food and Beverages segment (+33.0% YoY) driven by volume growth in the snacks, water and dairy categories; and the Quick Service Restaurants segment (+44.9% YoY) driven by additions to company-owned restaurants (corporate stores) and improved performance of existing stores.

Gross profit in 2021 increased by 9.7% YoY to ₦17.5 billion and gross profit margin declined 231 basis points to 17.3%. Margin compression was largely on account of input cost escalation across all businesses.

Operating profit was ₦5.8 billion in 2021, 59.9% higher than the ₦3.6 billion recorded in 2020. The growth was on account of fair value gain on investment properties, dividend income from UPDC REIT, revenue growth and cost management efforts. Operating expenses as a percentage of sales improved by 214 basis points to 14.4%. The Group recognised higher finance costs on account of increased short-term borrowings in the Animal Feeds and Other Edibles segment to support efforts to build inventory. Profitability was impacted by a loss from associate companies (UPDC and MDS) in 2021 versus

a profit from associates in 2020. As a result, **Profit before tax** was ₦4.6 billion, a decrease of 10.3% YoY against ₦5.1 billion in 2020. **Profit after Tax from continuing operations** was ₦3.3 billion compared to ₦3.4 billion in 2020.

Total profit for the period was ₦3.3 billion in 2021 compared to ₦3.9 billion reported in 2020. UAC recorded ₦470 million profit from discontinued operations in 2020 which impacts year on year comparison.

Earnings per share from continuing operations for 2021 was 83 kobo, 18.1% higher than the earnings per share from continuing operations of 70 kobo in 2020.

Free Cash Flow for the period was negative ₦18.7 billion in 2021, compared with negative ₦3.0 billion in 2020. Free cashflow was impacted by the strategy to increase inventory levels in the Animal Feeds segment and the Paints segments.

Return on Invested Capital (ROIC) was 311 basis points higher at 9.1% (2020: 5.9%).

Group Performance and Financial Review: Q4 2021

Revenue increased 26.2% to ₦29.7 billion in Q4 2021. Sales growth across all operating segments supported by price increases in the Animal Feeds and Other Edibles Segment (+20.6%), as well as price increases and volume growth in Paints (+51.2% YoY), Packaged Food and Beverages (+17.0% YoY), and Quick Service Restaurants (+30.5% YoY).

Gross profit increased by 12.6% YoY to ₦5.2 billion, and gross profit margin contracted 210 basis points to 17.4%. Margin contraction was largely on account of rising raw material costs across all the business segments.

Operating profit increased by 128.7% to ₦3.6 billion in Q4 2021, with operating profit margin expanding by 545 basis points to 12.2%. Adjusting for ₦1.5 billion unrealised fair value gain from investment properties, as well as, ₦570 million representing dividend income received prior to completion of the unbundling of UPDC REIT and the fair value gain recognised on completion of the unbundling, UAC's underlying operating profit is ₦1.5 billion compared to the ₦1.6 billion recorded in Q4 2020. Despite the higher cost environment, operating expenses as a percentage of sales decreased by 254 basis points to 13.4%, a direct result of operational efficiency initiatives.

Profit after Tax from continuing operations was ₦2.7 billion in Q4 2021 compared to ₦2.0 billion in Q4 2020. **Total profit for the period** was ₦2.7 billion in Q4 2021 compared to ₦2.0 billion in Q4 2020. **Earnings per share from continuing operations** for Q4 2021 was 86 kobo, 86.1% higher than earnings per share from continuing operations of 46 kobo in Q4 2020.

Segment Performance¹

Revenue (₦m)	Q4 2021	Q4 2020	Δ %	FY 2021	FY 2020	Δ %
Animal Feeds and Other Edibles	18,947	15,712	20.6%	62,731	54,224	15.7%
Paints	4,850	3,208	51.2%	15,052	10,425	44.4%
Packaged Food and Beverages	5,932	5,069	17.0%	23,751	17,853	33.0%
Quick Service Restaurants	610	467	30.5%	2,213	1,528	44.9%
Earnings /(Loss) before Interest & Tax – EBIT (₦m)	Q4 2021	Q4 2020	Δ %	FY 2021	FY 2020	Δ %
Animal Feeds and Other Edibles	832	915	(9.1%)	2,553	2,086	22.4%
Paints	648	159	306.5%	1,356	1,227	10.5%
Packaged Food and Beverages	476	690	(31.0%)	1,484	1,353	9.7%
Quick Service Restaurants	(132)	(19)	n/m	(285)	(48)	n/m
Profit/ (Loss) Before Tax – PBT (₦m)	Q4 2021	Q4 2020	Δ %	FY 2021	FY 2020	Δ %
Animal Feeds and Other Edibles	489	892	(45.2%)	1,220	1,747	(30.2%)
Paints	677	212	218.6%	1,530	1,470	4.1%
Packaged Food and Beverages	465	691	(32.7%)	1,450	1,377	5.3%
Quick Service Restaurants	(153)	(3)	n/m	(336)	(57)	n/m

1) Performance of the corporate head office not included in the table as it is not allocated to any segment.

Animal Feeds and Other Edibles

FY 2021

Revenue from the Animal Feeds and Other Edibles segment increased 15.7% YoY to ₦62.7 billion in 2021 (2020: ₦54.2 billion) on account of price increases across all product categories (poultry, fish feed, oils, and concentrates) in response to escalating costs. The Animal Feeds and Other Edibles segment continues to benefit from import restrictions resulting in customers migrating from imported brands to locally produced brands.

Operating profit increased 22.4% to ₦2.6 billion (2020: ₦2.1 billion) on account of price increases to offset higher raw material costs, as well as lower operating expenses YoY. Since the outbreak of COVID-19, Grand Cereals Limited and Livestock Feeds PLC have embarked on operational improvements in power consumption and cost saving initiatives focused on reducing distribution expenses.

The segment recorded a ₦1.2 billion Profit before Tax in 2021 compared to ₦1.7 billion Profit before Tax in 2020, impacted by higher finance costs to support inventory purchases.

Q4 2021

The Animal Feeds and Other Edibles segment recorded revenue of ₦18.9 billion in Q4 2021, a 20.6% increase from Q4 2020 (₦15.7 billion) on account of price increases to mitigate the impact of higher raw material prices. Operating profit decreased by 9.1% from ₦915 million in Q4 2020 to ₦832 million in Q4 2021. Profit before Tax was ₦489 million in Q4 2021 (Q4 2020: ₦892 million) impacted by higher finance costs.

Paints

Corporate action update: The merger between Chemical and Allied Products PLC (CAP) and Portland Paints and Products Nigeria PLC (Portland Paints) was completed on 1 July 2021 with CAP being the surviving enlarged entity. As a result, CAP and Portland Paints now operate as one legal entity.

Recent developments: Mrs. Bolarin Okunowo was appointed Managing Director of CAP with effect from 1 December 2021 following the retirement of Mr. David Wright.

Financial review:

FY 2021

The Paints segment reported revenue growth of 44.4% YoY to ₦15.1 billion in 2021. Revenue growth was on account of strong volume growth and price increases taken in the second half of 2021. Performance in 2020, being the comparative period last year, was impacted by COVID-19 related restrictions that limited sales in Q2 2020. Operating profit was 10.5% higher at ₦1.4 billion as a result of revenue growth and operating income, offset by increased operating expenses and non-recurring merger restructuring costs in 2021. Profit before Tax was ₦1.5 billion in 2021, 4.1% higher than the ₦1.47 billion recorded in 2020.

Q4 2021

The Paints segment reported revenue growth of 51.2% to ₦4.9 billion in Q4 2021 (Q4 2020: ₦3.2 billion), on account of price increases to offset rising raw material costs as well as volume growth. Operating profit increased by 306.5% to ₦648 million on account of higher gross margin in comparison with Q4 2020. Profit before Tax was ₦677 million, 218.6% higher than ₦212 million recorded in Q4 2020.

Packaged Food and Beverages

Recent development: UAC acquired Tiger Brands Limited's minority shareholding (49%) in UAC Foods Limited (UFL) for a cash consideration of ₦3.92 billion in September 2021. UFL is now a wholly owned subsidiary of UAC.

FY 2021

The Packaged Food and Beverages segment recorded 33.0% YoY revenue growth to ₦23.8 billion in 2021 (2020: ₦17.9 billion) due to volume growth across all categories (snacks, spring water, and ice cream). Volume growth was supported by improved distribution in Southern Nigeria, increased product mix shift to recently introduced larger 100g Gala SKU, as

well as additional spring water capacity. Operating profit increased by 9.7% in 2021 to ₦1.5 billion (2020: ₦1.4 billion) supported by revenue growth. Profit before Tax increased by 5.3% to ₦1.5 billion (2020: ₦1.4 billion).

Q4 2021

Revenue grew by 17.0% to ₦5.9 billion (Q4 2020: ₦5.1 billion) on account of growth across all categories (snacks, spring water and ice cream) and active price optimisation. However, operating profit decreased by 31% to ₦476 million in Q4 2021 (Q4 2020: ₦690 million) due to sustained input cost escalation. As a result, profit before tax decreased by 32.7% to ₦465 million in Q4 2021 (Q4 2020: ₦691 million).

Quick Service Restaurants

FY 2021

Revenue from the Quick Service Restaurants segment (QSR) increased 44.9% YoY to ₦2.2 billion in 2021 (2020: ₦1.5 billion) driven by growth in sales of company-owned restaurants (corporate stores) and improved performance of existing stores vs 2020 when there were movement restrictions relating to COVID 19. The segment recorded a ₦285 million operating loss in 2021 (2020: ₦48 million loss) impacted by the higher cost environment resulting in higher cost of sales and higher operating expenses and investments in talent to drive the company's growth ambitions. The QSR segment recorded a ₦336 million Loss before Tax in 2021, against a ₦57 million Loss before Tax in 2020.

Q4 2021

Revenue growth of 30.5%, from ₦467 million in Q4 2020 to ₦610 million in Q4 2021 driven by additions to corporate stores and improved volumes at existing stores. The segment recorded an operating loss of ₦132 million in Q4 2021 (Q4 2020: ₦19 million operating loss) on account of increase in cost of key raw materials (flour, vegetable oil, chicken) and operating expenses. Loss before Tax for Q4 2021 was ₦153 million (Q4 2020: ₦3 million).

Associate: Real Estate (UPDC - 43% ownership)

UPDC's 2021 revenue was ₦814 million compared to the ₦1.7 billion recorded in 2020 as a result of reduced property stock for sale as the company rebuilds its development pipeline. Revenue declined primarily on account of lower property sales at ₦463 million compared to 2020 of ₦1.3 billion (64%), lower rental income and management fees on rent of ₦41 million compared to 2020 of ₦96 million (58%). UPDC recorded an operating loss of ₦1 billion in 2021 (2020: ₦713 million operating loss). UPDC recorded a one-off credit loss expense of ₦696 million from the impairment of irrecoverable receivables and ₦285 million profit earned on the disposal of non-core real estate. Net finance cost decreased by ₦817 million (-55% YoY) to ₦661 million following the redemption of a 5-year bond which was refinanced via a shareholder loan in April 2021. Loss before Tax for 2021 was ₦1.7 billion compared to the ₦263 million Loss before Tax recorded in 2020 (supported by the fair value gain on UPDC REIT which was recognised in 2020).

Associate: Logistics (MDS Logistics – 43% ownership)

MDS Logistics' revenue increased 8% YoY to ₦8.6 billion in 2021 from ₦8.0 billion in 2020, driven by increase in pharma logistics and haulage services. Operating profit was 66% lower YoY at ₦293 million (2020: ₦875 million) on account of higher cost of sales (+14% YoY) due to increase in vehicle expenses and higher administrative expenses (+61% YoY). MDS Logistics recorded a Loss before Tax of ₦163 million in 2021 compared to a Profit before Tax of ₦289 million in 2020.

For more information, please contact

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About UAC

UAC of Nigeria PLC (UAC) is a holding company with subsidiary and associate companies operating in the Animal Feeds and Other Edibles; Paints; Packaged Food and Beverages; Quick Service Restaurants; Logistics and Real Estate segments. UAC has played a prominent role in Nigeria's development for over a century. The company is focused on building its businesses into leaders in their chosen segments.

1. UAC has four operating platforms

Animal Feeds and Other Edibles

- Grand Cereals Limited (71.4% ownership) – a leading producer of cereals, edible oils, poultry feed, fish feed, ruminant feed and dog food. The company has production and distribution facilities in Northern and South Eastern Nigeria. It owns a portfolio of strong brands including Grand, Vital, and BestMate.
- Livestock Feeds PLC (73.3% ownership) – produces and distributes poultry feed, feed concentrates and full fat soya. The company recently expanded its offering to include veterinary drugs. Livestock Feeds' geographic strength is in South West Nigeria. The company is listed on The Nigerian Exchange ("NGX").

Paints

- Chemical and Allied Products PLC (56.5% ownership) – the leading paints and coatings company in Nigeria with a diversified product range spanning decorative and marine segments. CAP PLC is the sole technology licensee for AkzoNobel's decorative range in Nigeria and is also a distributor for Hempel's industrial products. The company's brand portfolio is comprised of Dulux, Sandtex, Caplux, and Hempel. The company benefits from a unique distribution model - franchised retail outlets, which it pioneered in Nigeria's paint industry. CAP PLC is listed on NGX. The merger of CAP PLC and Portland Paints and Products Nigeria PLC was effective on 1 July 2021.

Packaged Food and Beverages

- UAC Foods Limited (100% ownership) – a leading player in the packaged food and beverages industry with three distinct business segments – snacks, ice-cream, and spring water. It owns iconic brands such as Gala, SWAN Spring Water, Supreme and Funtime. In September 2021, UAC acquired Tiger Brands' minority interest in the company.

Quick Service Restaurants

- UAC Restaurants Limited (51% ownership) - a joint venture with Famous Brands, manages the network of Quick Service Restaurants across Nigeria under the Mr Bigg's and Debonairs Pizza brands.

2. UAC owns minority stakes in Logistics and Real Estate businesses

Logistics

- MDS Logistics Limited (43% ownership) - a leading logistics provider in Nigeria, offers the complete suite of outbound logistics and supply chain services including Warehousing, Haulage and Distribution.

Real Estate

- UPDC PLC (42.9% ownership) - a foremost property development and management company quoted on NGX.
- In November 2021, UAC completed the unbundling of 649 million UPDC Real Estate Investment Trust (UPDC REIT) units, valued at ₦3.9 billion to UAC shareholders. With the completion of the scheme achieved, UAC no longer owns any UPDC REIT units.

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 the Securities and Exchange Commission. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise.