



**PRESS RELEASE**

Regulated information

**Financial Results for the Year Ended 31 December 2021**

**Lagos, 30 March 2022** – UAC of Nigeria PLC (“UAC” or the “Group”) announced its audited results for the financial year ended 31 December 2021.

**Highlights**

- Revenue of ₦101.4 billion, 24.6% increase year on year, driven by sales growth across all business segments.
- Gross profit 9.7% higher YoY at ₦17.5 billion; Gross margin 235 bps lower due to rising raw material costs and supply chain disruptions.
- Operating profit 50.3% higher YoY at ₦4.9 billion. Underlying operating profit flat at ₦3.2 billion.
- Profit before tax 19.2% lower than FY 2020 at ₦4.1 billion.
- UAC returned ₦7.4 billion to shareholders via a mix of dividends and UPDC REIT units totalling ₦2.55 per share in 2021.
- Proposed FY 2021 dividend of 65 kobo per share (₦1.9 billion). Qualifying shareholders may elect to receive new ordinary shares in the company instead of the dividend in cash.

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	FY 2021	FY 2020 Restated	Δ %
<b>Revenue</b>	<b>101,377</b>	<b>81,358</b>	<b>24.6%</b>
<b>Gross Profit</b>	<b>17,540</b>	<b>15,990</b>	<b>9.7%</b>
Gross Profit Margin (%)	17.3%	19.7%	(235 bps)
Selling and Distribution Expenses	(6,346)	(5,777)	9.9%
Administrative Expenses	(8,592)	(7,681)	11.9%
<b>Operating Expenses</b>	<b>(14,938)</b>	<b>(13,457)</b>	<b>11.0%</b>
Operating Expenses (% of revenue)	14.7%	16.5%	(181 bps)
Other income	2,320	741	213.1%
<b>EBIT</b>	<b>4,922</b>	<b>3,274</b>	<b>50.3%</b>
EBIT Margin (%)	4.9%	4.0%	83 bps
<b>Net Finance Income</b>	<b>82</b>	<b>837</b>	<b>(90.2%)</b>
Share of (Loss)/Profit of Associates	(895)	973	n/m
<b>Profit Before Tax</b>	<b>4,108</b>	<b>5,085</b>	<b>(19.2%)</b>
Profit Before Tax Margin (%)	4.1%	6.3%	(220 bps)
<b>Profit After Tax From Continuing Operations</b>	<b>2,589</b>	<b>3,388</b>	<b>(23.6%)</b>
Profit/(Loss) After Tax from Discontinued Operations	(2)	470	n/m
<b>Profit for the period</b>	<b>2,587</b>	<b>3,858</b>	<b>(32.9%)</b>
Profit Margin (%)	2.6%	4.7%	(219 bps)
Basic Earnings Per Share (EPS):			
From Continuing Operations (Kobo)	63	69	(9.4%)
From Discontinued Operations (Kobo)	(0)	21	n/m
For the Period (Kobo)	63	90	(30.3%)
Return on Equity (ROE)	3.9%	3.8%	9 bps
Return on Invested Capital (ROIC)	7.8%	5.4%	243 bps

n/m: not meaningful.

	Dec-21	Dec-20	Δ
Quick Ratio	0.5x	1.3x	(0.8x)
Current Ratio	1.3x	2.1x	(0.8x)
Gearing	39%	7%	3,218 bps
Total Assets / Equity	1.9x	1.5x	0.4x
Net Debt / EBITDA	1.1x	(3.4x)	4.6x
Free Cash Flow	(18,906)	(3,044)	(15,863)

## 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 (PorL) 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 via a Scheme of Arrangement. UAC no longer owns any UPDC REIT units.

## Group Performance and Financial Review: FY 2021

**Revenue** in 2021 increased 24.6% YoY to ₦101.4 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 (+47.3% 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 (+44.5% 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 235 basis points to 17.3%. Margin compression was largely on account of input cost escalation across all businesses.

**Operating profit** was ₦4.9 billion in 2021, 50.3% higher than the ₦3.3 billion recorded in 2020. The increase is attributable to unrealised fair value gain on investment properties (₦1.1 billion), dividend income from UPDC REIT (₦245 million), and fair value gain on unbundling of the UPDC REIT units to shareholders (₦324 million). Adjusting for these, UAC's underlying operating profit was broadly flat year on year at ₦3.2 billion. **Operating expenses** as a percentage of sales improved by 181 basis points to 14.7%. The Group recorded 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 losses from associate companies (UPDC and MDS) in 2021 versus a profit from associates in 2020. **Profit before tax** was ₦4.1 billion, 19.2% lower than the ₦5.1 billion recorded in 2020. **Profit after Tax from continuing operations** was ₦2.6 billion compared to ₦3.4 billion in 2020. **Total profit for the period** was ₦2.6 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 63 kobo, 9.4% lower than 69 kobo recorded in 2020.

**Free Cash Flow** for the period was negative ₦18.9 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 & Other Edibles, Paints, and Packaged Food and Beverages segments.

**Return on Equity** from continuing operations at the end of December 2021 was 3.9%, compared to 3.8% in 2020. **Return on Invested Capital (ROIC)** was 243 basis points higher at 7.8% (2020: 5.4%).

## Segment Performance<sup>1</sup>

Revenue (% and ₦m)	FY 2021	FY 2020	Δ %
Animal Feeds and Other Edibles	62,711	54,224	15.7%
Paints	15,355	10,425	47.3%
Packaged Food and Beverages	23,751	17,853	33.0%
Quick Service Restaurants	2,208	1,528	44.5%
Earnings /(Loss) before Interest & Tax – EBIT (₦m)	FY 2021	FY 2020	Δ %
Animal Feeds and Other Edibles	2,541	2,050	23.9%
Paints	1,440	1,248	15.3%
Packaged Food and Beverages	1,393	1,353	3.0%
Quick Service Restaurants	(525)	(48)	1003.1%
Profit/ (Loss) Before Tax – PBT (₦m)	FY 2021	FY 2020	Δ %
Animal Feeds and Other Edibles	1,195	1,712	(30.2%)
Paints	1,693	1,470	15.2%
Packaged Food and Beverages	1,452	1,377	5.5%
Quick Service Restaurants	(509)	(57)	791.0%

### Animal Feeds and Other Edibles

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 prices 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 23.9% to ₦2.5 billion (2020: ₦2.0 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.

### 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 47.3% YoY to ₦15.4 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 15.3% 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 ₦1.7 billion in 2021, 15.2% higher than the ₦1.47 billion recorded in 2020.

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

## 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.

### Financial review: 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 3.0% in 2021 to ₦1.4 billion (2020: ₦1.4 billion) supported by revenue growth. Profit before Tax increased by 5.5% to ₦1.5 billion (2020: ₦1.4 billion).

### Quick Service Restaurants

Revenue from the Quick Service Restaurants segment (QSR) increased 44.5% 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 ₦525 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 ₦509 million Loss before Tax in 2021, against a ₦57 million Loss before Tax in 2020.

### Associate: Real Estate (UPDC - 43% ownership)

UPDC’s 2021 revenue was ₦825 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 ₦462 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 ₦890 million in 2021 (2020: ₦713 million operating loss). Net finance cost decreased by ₦760 million (-51% YoY) to ₦718 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 ₦1.6 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.

## Results Conference Call

Management will host an investor and analyst conference call on Wednesday, 6 April 2022 at 3pm WAT to present and discuss the Group results. The presentation and conference call details are available on our website ([www.uacnplc.com](http://www.uacnplc.com)). Please direct any questions regarding the conference call to UAC Investor Relations, via e-mail, at [Investorrelations@uacnplc.com](mailto:Investorrelations@uacnplc.com)

### For more information, please contact

Funke Ijaiya-Oladipo  
Group Finance Director  
[Investorrelations@uacnplc.com](mailto:Investorrelations@uacnplc.com)  
+234 906 269 2908  
[www.uacnplc.com](http://www.uacnplc.com)

## 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](http://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.