
UAC of Nigeria PLC

FY 2021 Results

6 April 2022

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This presentation contains forward-looking statements which reflect management's expectations regarding UAC of Nigeria PLC, its subsidiaries and associate businesses ("UAC", the "Company" or "Group") future growth, results of operations, performance, business prospects, operating markets 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 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 forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. UAC cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in forward-looking statements. These factors should be considered carefully and undue reliance should not be placed on forward-looking statements. For additional information with respect to UAC's financial performance, reference should be made to the Company's periodic filings with the Nigerian Securities and Exchange Commission ("SEC") and The Nigerian Exchange Limited ("NGX"). 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.

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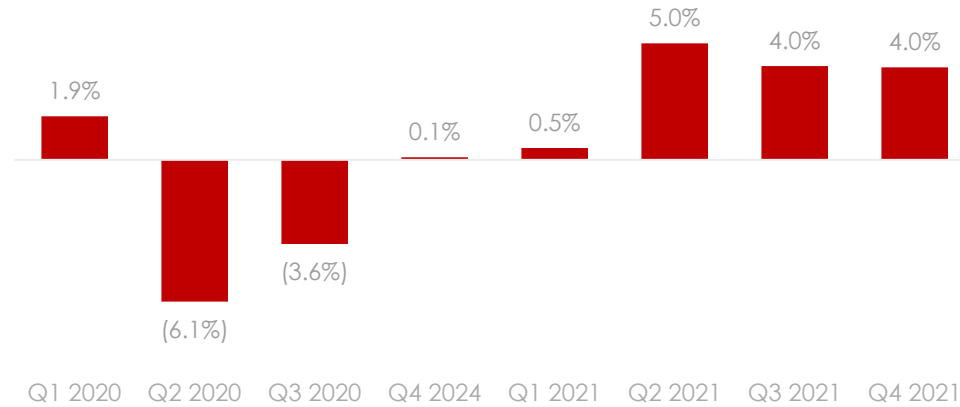
Operating Context



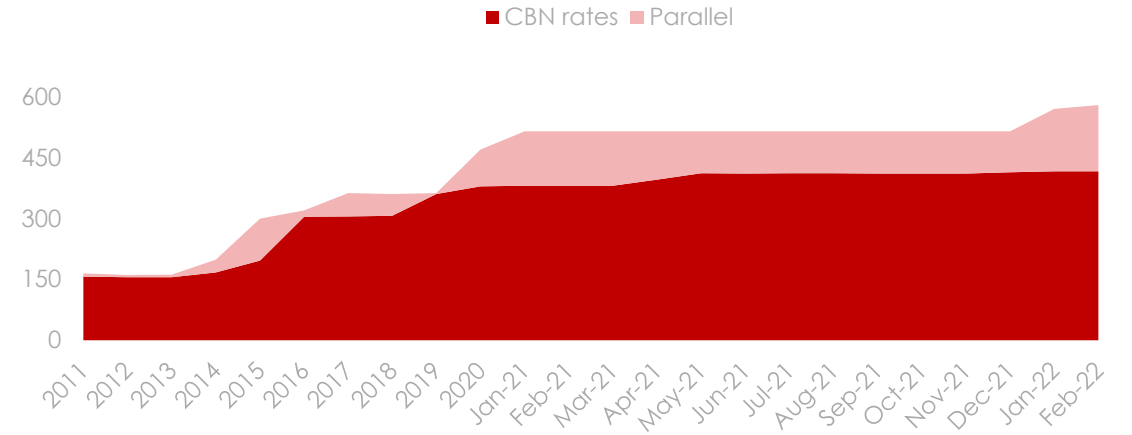
Low growth, high inflation, currency under pressure, higher interest rates

5

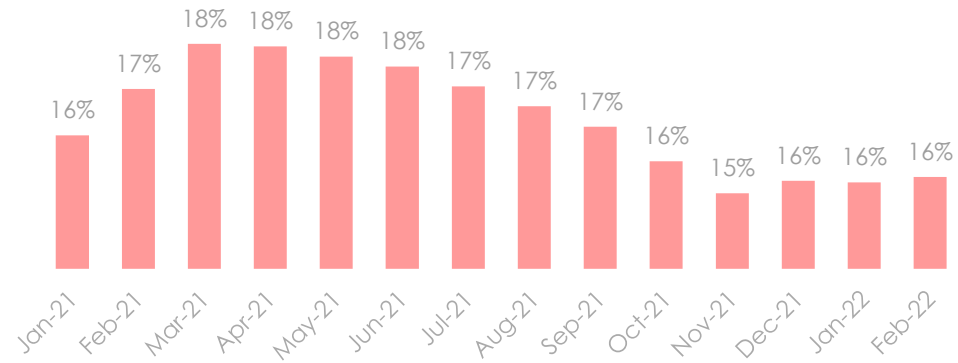
Real GDP Growth (%)



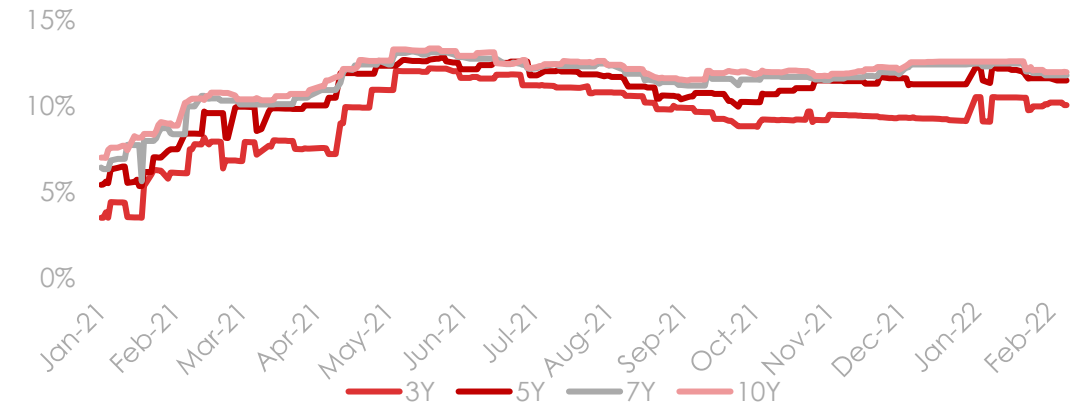
Exchange Rate ₦:\$



Inflation (%)



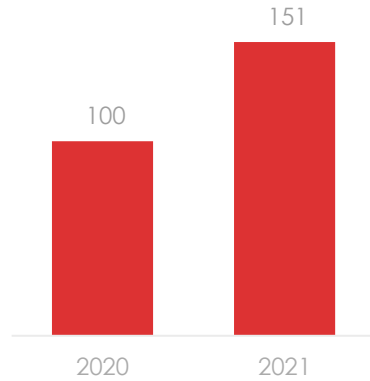
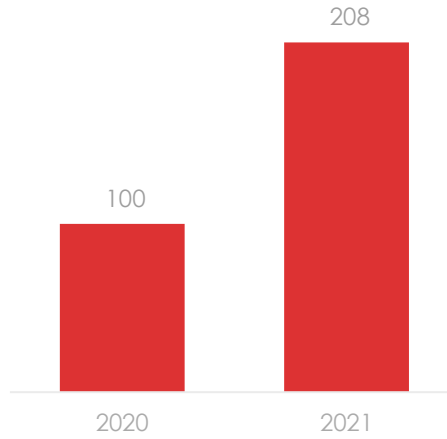
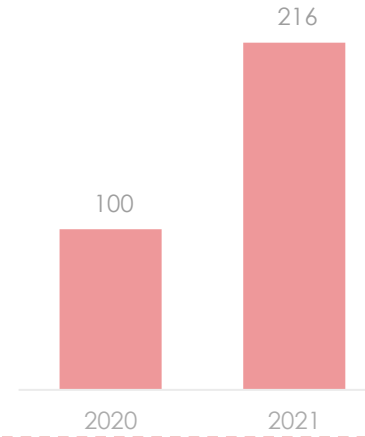
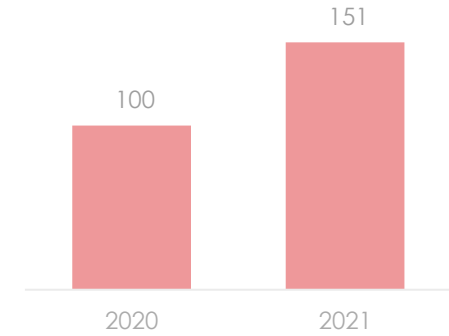
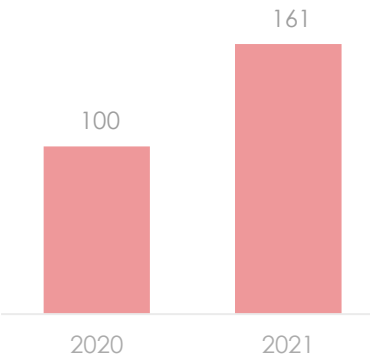
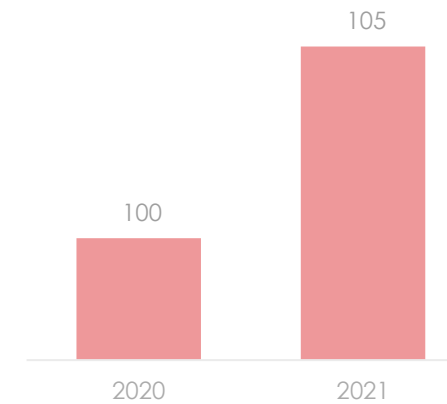
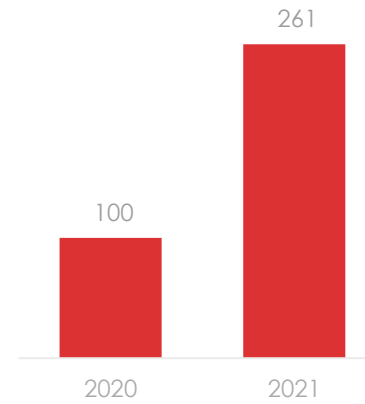
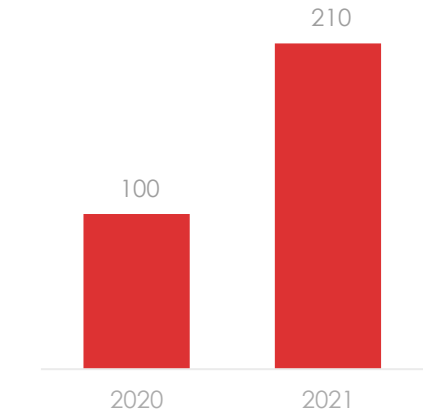
Secondary Market Bond Yields (%)



Source: National Bureau of Statistics, Central Bank of Nigeria, Access Bank Rateswatch, FMDQ

Escalation of key production input costs

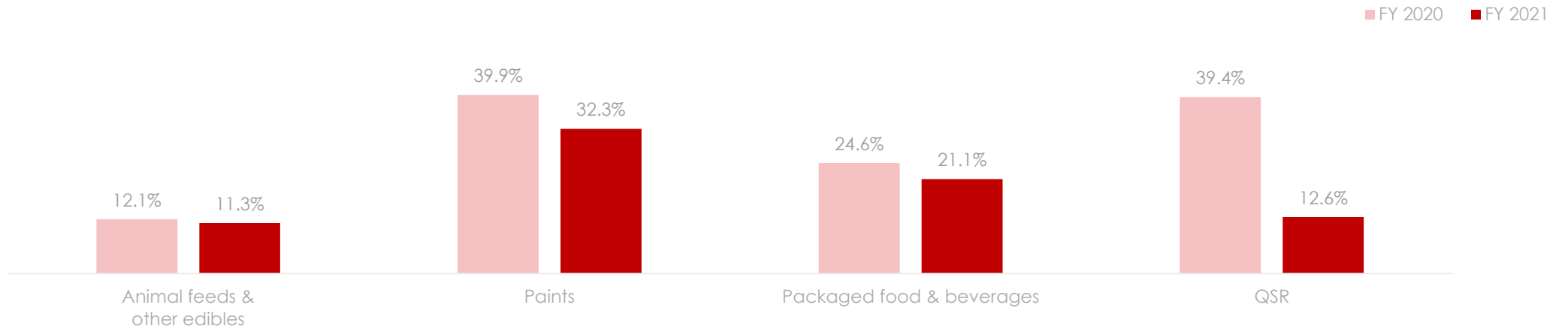
- Animal Feed
- Paints
- Food

Maize**Soya Bean****Resin****Titanium Dioxide****Flour****Vegetable Oil****Skimmed Milk****Sugar**

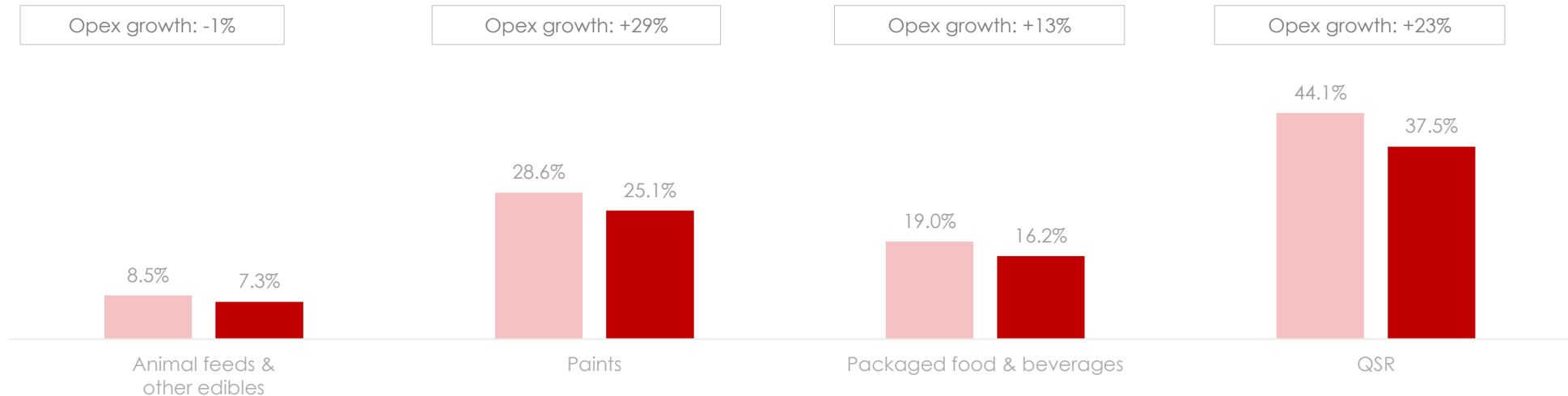
Impact on gross margin partially offset by operational efficiency

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Gross Profit Margin (%) for Operating Segments FY 2020 vs FY 2021



Operating Expenses Trend for Operating Segments: Opex / Sales (%)



Strategic Initiatives



We have simplified UACN's structure

- Our initial efforts to simplify our structure entailed the following
 - Selling control of MDS Logistics Limited to Imperial Logistics
 - Selling control of UPDC PLC, the real estate development company, to Custodian Investment PLC
- We completed the following structural changes in 2021
 - Merger of our paints businesses, Chemical and Allied Products PLC and Portland Paints and Products PLC, in July 2021
 - Acquisition of Tiger Brands' minority shareholding (49%) in UAC Foods Limited in September 2021. UAC Foods Limited is now a wholly owned subsidiary of UACN
 - Unbundling units in the UPDC Real Estate Investment Trust ("UPDC REIT"), valued at ₦3.9 billion, to UACN's shareholders in December 2021
- The outstanding question regarding structure relates to our Animal Feeds and Edible Oils businesses, as we have two legal entities in the same sector



We have also invested ₦2.3 billion in technology infrastructure

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Office 365

- Invested in our core information technology infrastructure and productivity tools and completed transition from on-premise, Office 2016 application, to Microsoft 365, an enterprise productivity tool
- Objective was to improve operational efficiency across the HoldCo and Subsidiary companies by fully decentralizing email and sharepoint platforms
- Activated enterprise productivity and collaboration tools; Developed business processes on sharepoint online
- Benefits include independent operating platforms, simplify remote work, and innovative modern work tools
- Project commenced in September 2020 and was completed in February 2021
- Total cost of ₦235 million

ERP migration (SAP S/4 Hana)

- In the process of implementing a group-wide upgrade of our enterprise resource planning system from an on-premise platform to a cloud-based SAP S/4 Hana solution
- Expected benefits from this investment includes operational efficiency, visibility and controls into business value drivers across the UACN Group, and improvement in productivity
- Project commenced in February 2021 and is expected to be completed in 2022
- Total project cost of ₦2.1 billion



UAC invested in technology and technology enabled businesses in 2021

Ventures Platform Fund IV

- Fund targeting US\$30m to invest in 40-45 new investments (pre-seed and seed). Aim to invest in the best founders of Tech companies with potential to generate US\$1m to US\$3m in annual run rate revenue within 18 – 24 months
- The fund will explore opportunities across Africa with a preference for companies that can scale regionally according to the following country allocation (i) Nigeria: 50%; (ii) Egypt: 20%; (iii) Kenya: 20%; (iv) Rest of Africa: 10%
- Managed by Ventures Platform Limited (VPL), founded by an experienced tech investor, Kola Aina, in May 2015
- Since 2016, VPL via 3 funds made 54 investments deploying US\$1.8m in capital which is now marked at US\$20m (11.2x multiple on invested capital "MOIC"). 13 companies have crossed target US\$1.2m ARR and 4 are valued >US\$100m. One exit of Paystack to Stripe
- UAC commitment: US\$1 million over 5 years

Touch and Pay Technologies ("TAP")

- TAP is a payment and financial inclusion firm. TAP allows customers to make micro payments for products and services offline and online, using card technology or mobile phone app while merchants collect micro payments using tech powered contactless Point of Sale ("POS") hardware
- Founded by Michael Oluwole, Olamide Afolabi and Kabir Yabo who serve as CEO, MD & COO respectively. They aim to build a unique ecosystem by targeting strategic value accretive industries that will provide access to a fast-growing customer base
- Accepted to the Y Combinator accelerator program
- UAC investment: US\$260,000

Kandua

- Kandua is an online marketplace connecting homeowners/residential property owners with reliable, vetted independent service providers in the home improvement industry (plumbers, builders, electricians etc.)
- Kandua is run by a team of three and is incorporated in South Africa, with plans to expand to other African countries
- Other high-profile investors include Leroy Merlin (a European home improvement and gardening retailer)
- UAC investment: US\$250,000

1

HoldCo Long Term Incentive Plan ("LTIP")

- Our long-term growth and sustainable success hinges on our ability to attract and retain talent
- In 2021, we changed our remuneration structure to link employee reward to long-term value creation
- Key elements of the plan include
 - Plan covering a five-year period
 - Total shareholder return ("TSR") is the key measure of success with a minimum threshold of 18% per annum
 - If the Company delivers a minimum TSR of 18% per annum over a five-year period, participants will receive 10% of the value created as ordinary shares in the Company
- Plan approved by UACN shareholders at Annual General Meeting on 30 June 2021

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Subsidiary EBIT-linked scheme

- Implemented at CAP PLC, UAC Foods, Livestock Feeds, and Grand Cereals Limited
- Key elements of the scheme
 - Minimum EBIT threshold is set annually by respective Board of Directors
 - If EBIT target is met, participants earn 40% of total performance bonus for the year. 60% of the bonus is earned based on other factors and attainment of key performance objectives and strategic initiatives
 - In instances where the subsidiary has external financing, Profit Before Tax is incorporated in target setting

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UAC Restaurants Value Creation Plan

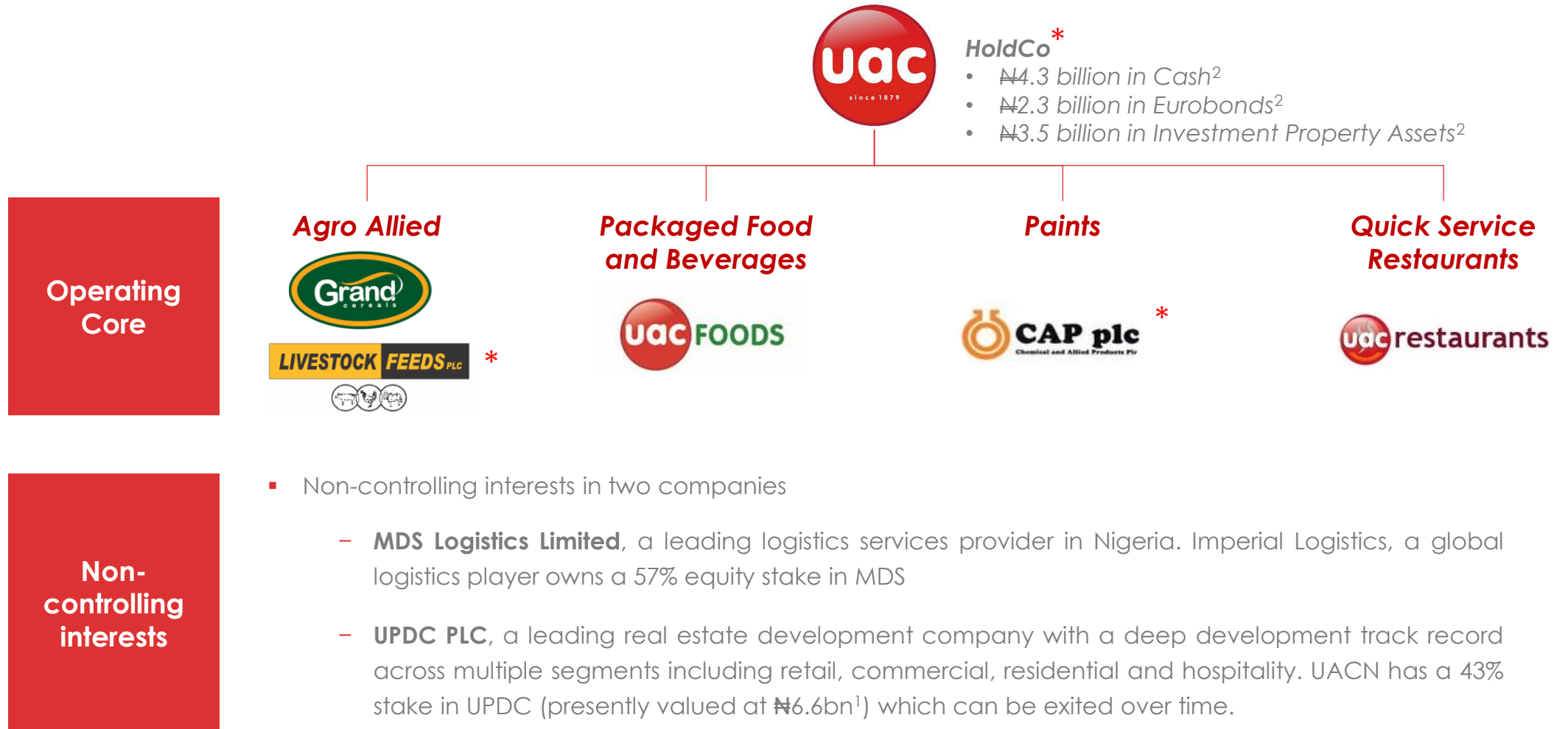
- UAC Restaurants established a LTIP for key members of its leadership team
- The LTIP was designed to align management and shareholders' interests, and reward long-term value creation
- Key elements of the plan include
 - Plan covering a five-year period
 - Equity value created ("EVC") is the key measure of success, defined as the delta between UACR's future equity value and its present equity value (plus any dividends paid out to shareholders)
 - By the end of year 5, if the company has grown its equity value, participants will receive 10% of the value created paid out as cash over an 18-24 month period

2021 financial highlights



Holding company presently organized around 4 key verticals

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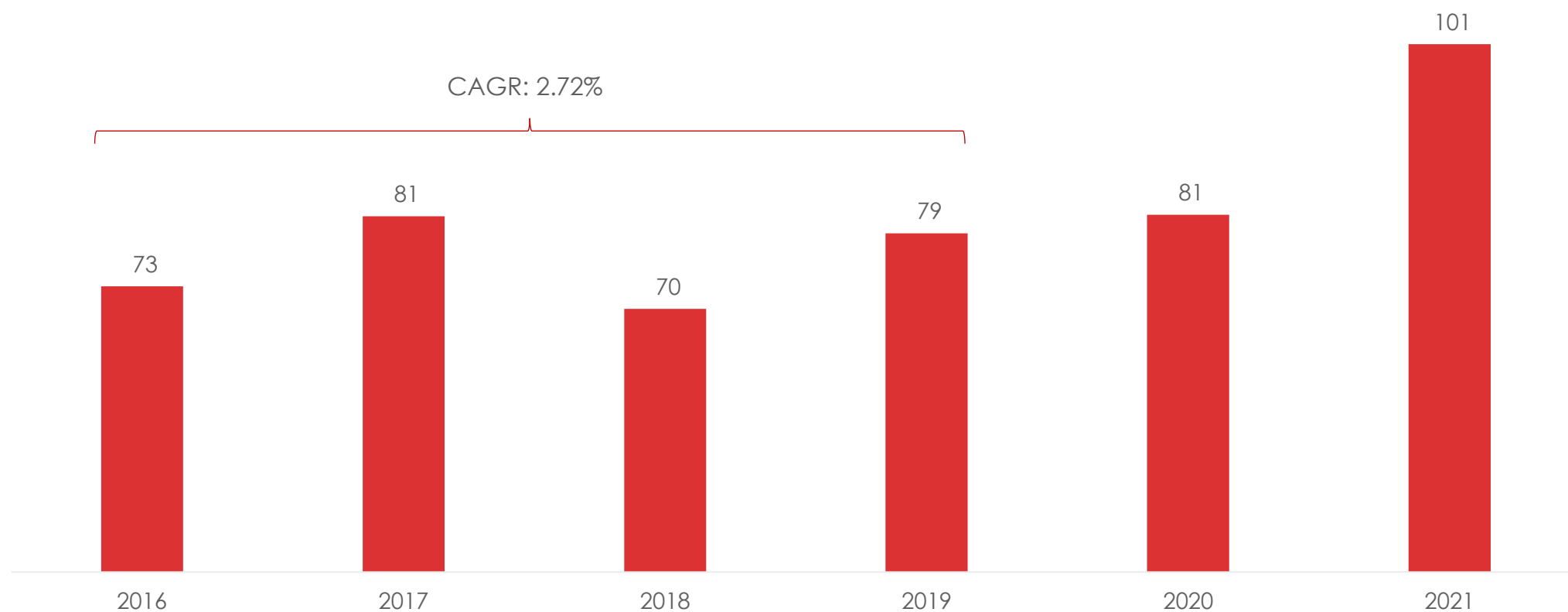
1. Based on UPDC PLC's share price of ₦0.83 as at 30 March 2022
2. \$9.9million in Cash, \$5.3million in Eurobonds, \$8.0million in investment property assets

* Company is listed on the Nigerian Exchange Limited (NGX)

Our primary focus is on trending above historical revenue growth

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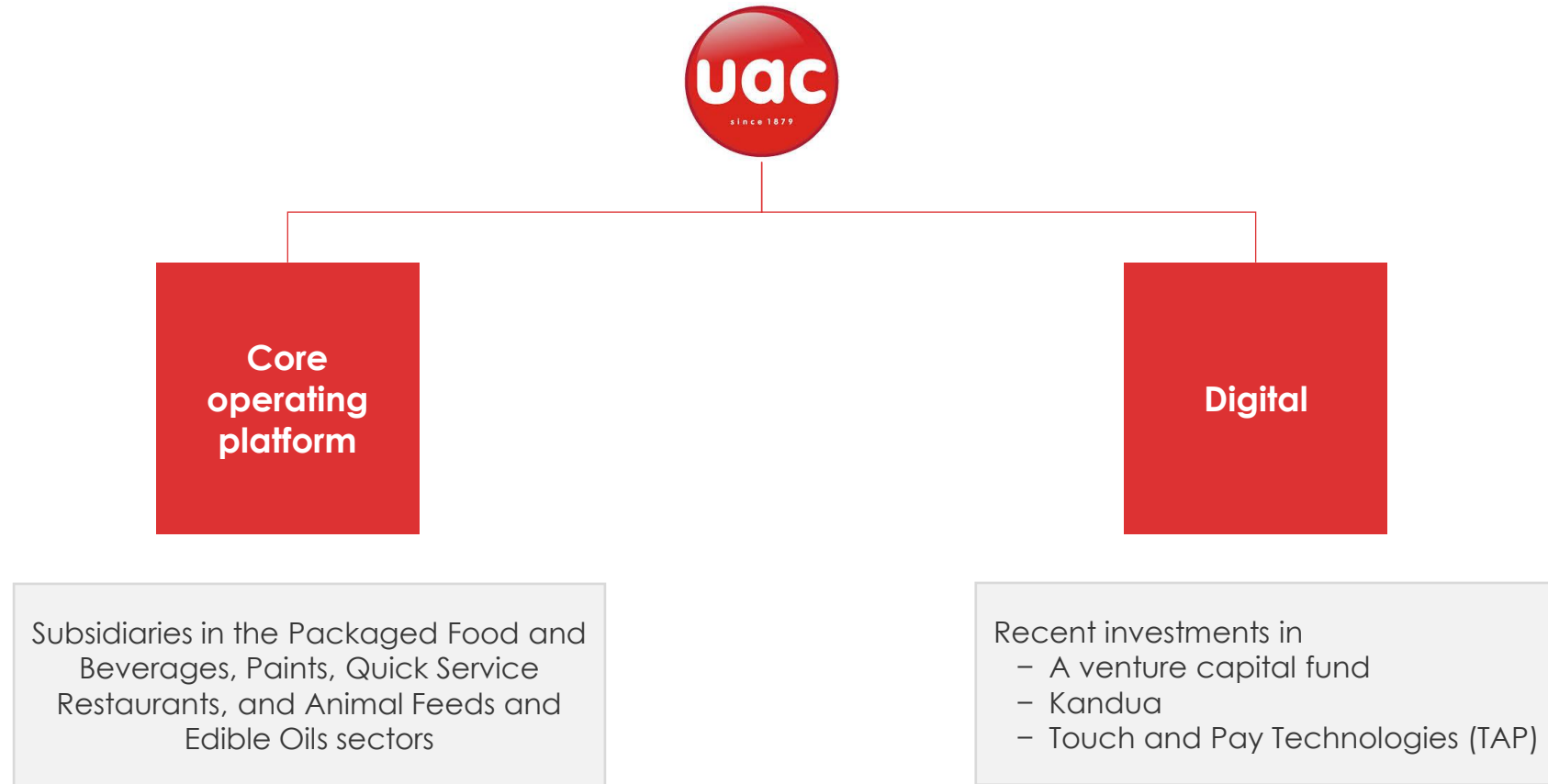
Consolidated Group revenue in ~~N~~ billions (2016 – 2021)



CAGR – Compound annual growth rate

Focusing on our core platforms and investing for the future

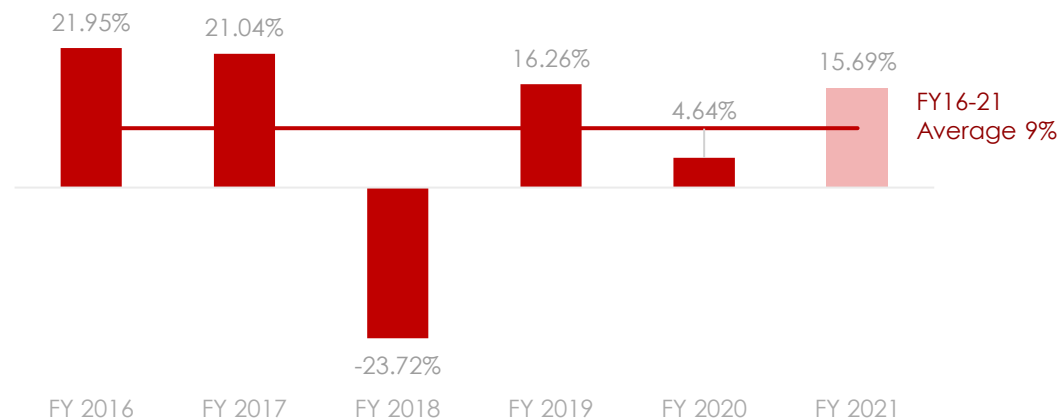
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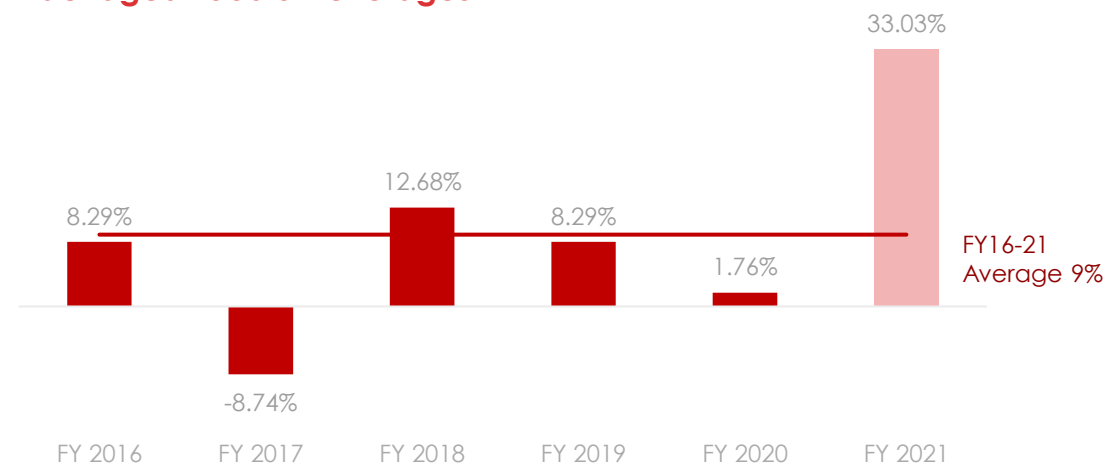
We have recorded growth in our core platforms

17

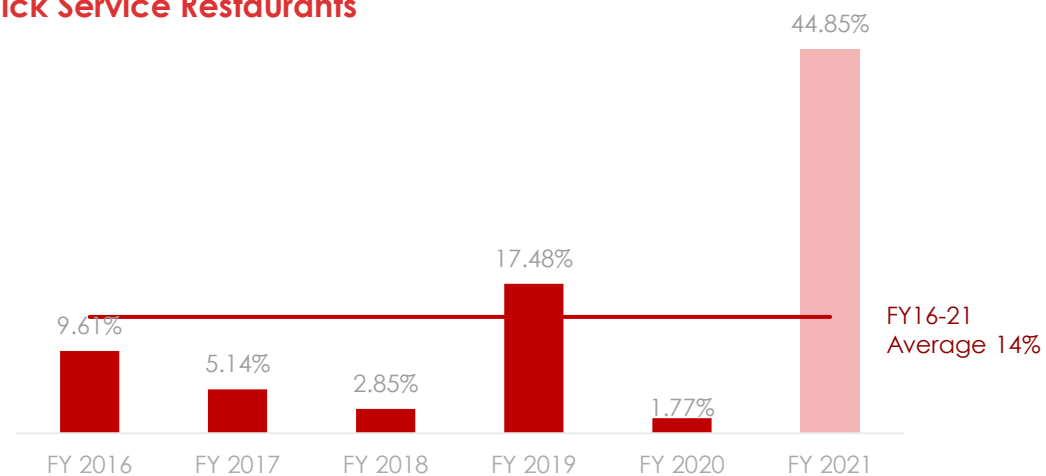
Animal Feeds & Other Edibles



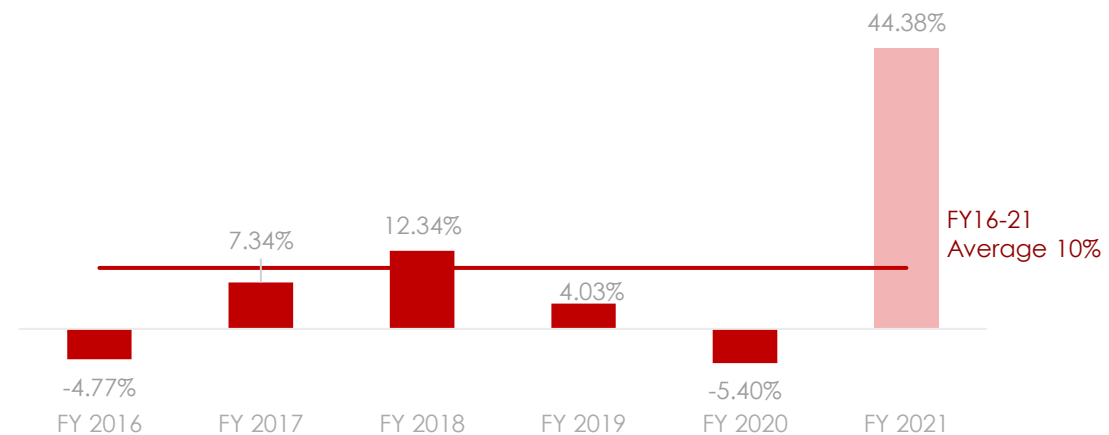
Packaged Food & Beverages



Quick Service Restaurants



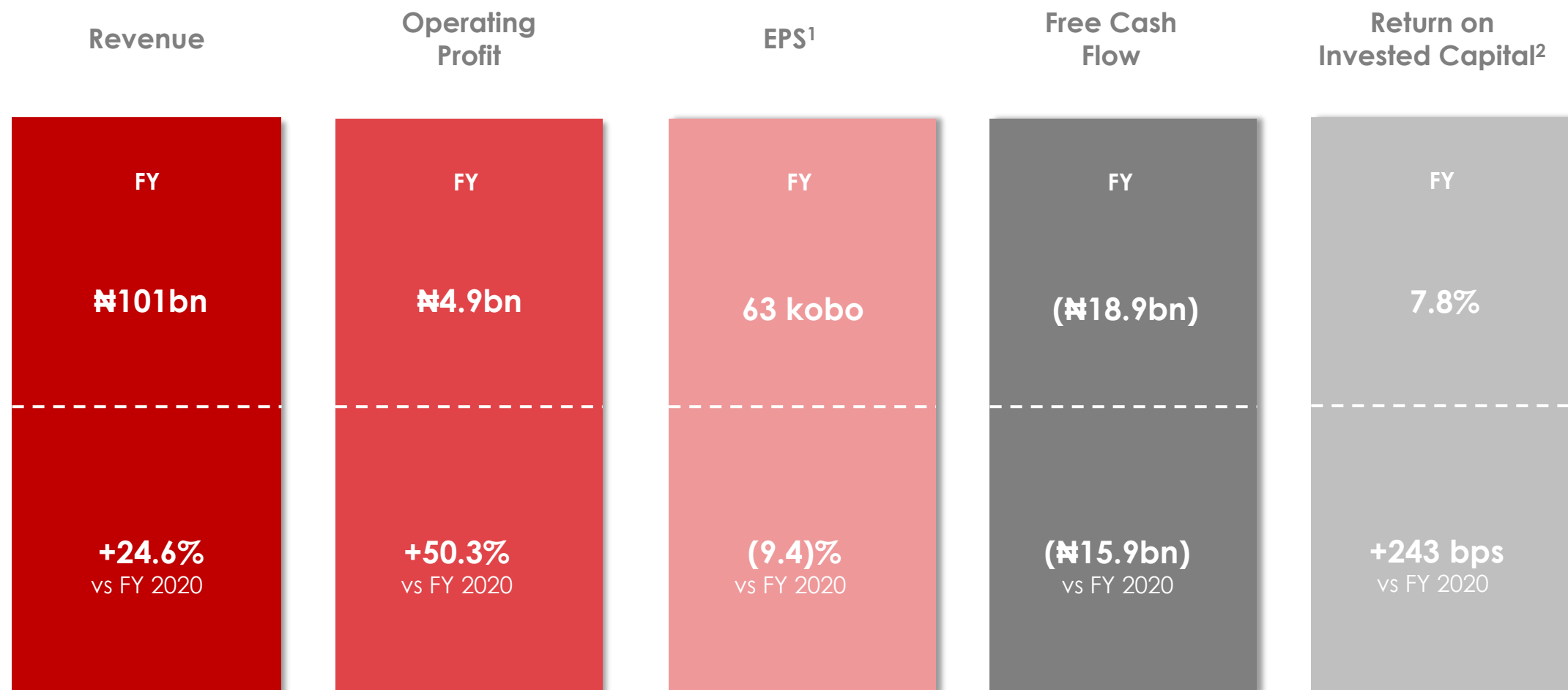
Paints



— Average growth rate (2018-2021)

2021 financial highlights

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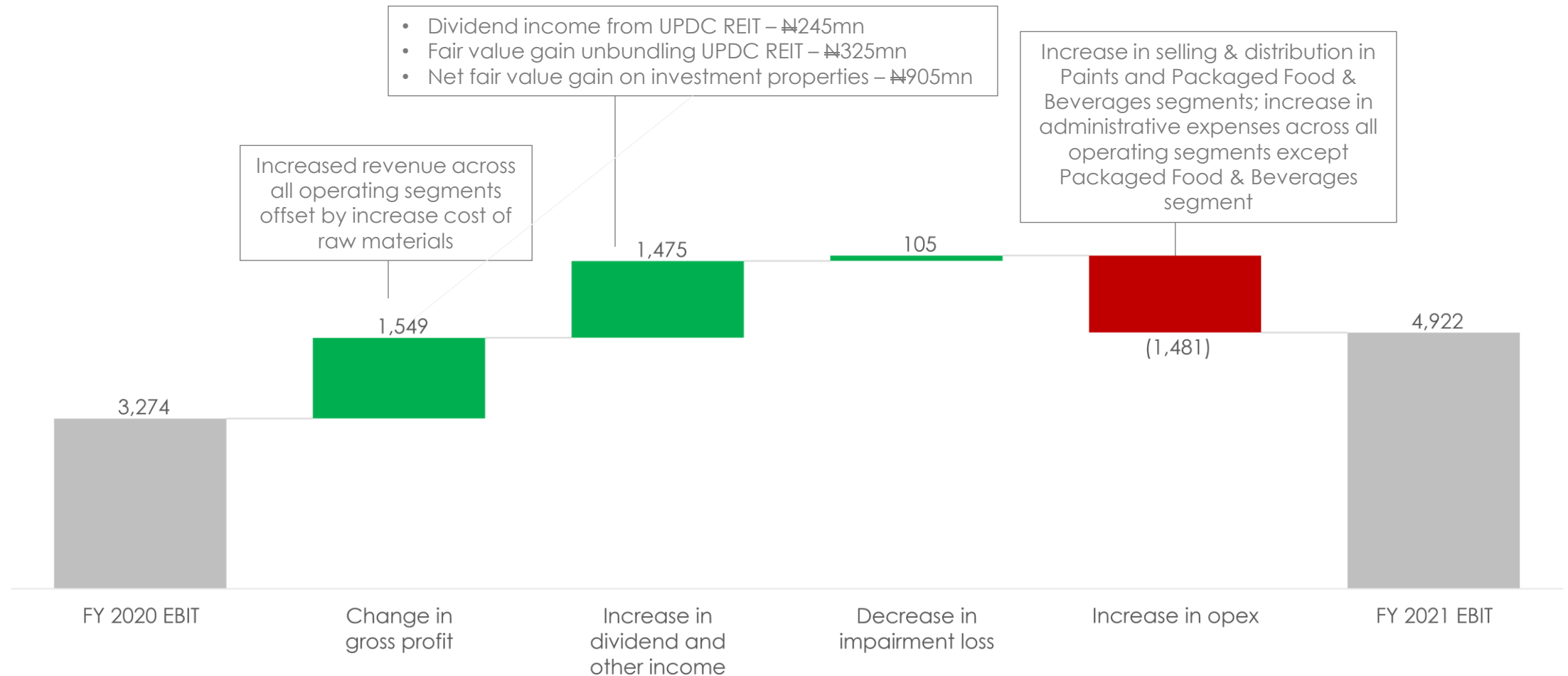
(1) Earnings per share from continuing operations

(2) Invested capital used for ROIC calculation excludes cash and cash equivalents, and investment in debt securities

Key factors impacting Group operating profit

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Operating Profit Bridge, in ₦ mn (FY 2020 to FY 2021)



Balance sheet and liquidity

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Net Assets

₦50.8bn

(₦9.8bn)
vs Dec 2020

Net Debt

₦8.5bn

(₦28.5bn)
vs Dec 2020

Net Capex

₦3.3bn

(₦1.0bn)
vs Dec 2020

Cash Cycle

136 days

+34 days
vs Dec 2020

Mr Bigg's
ALWAYS GOOD

Operating segment overview

**Start Your
Day Right**

**Enjoy
Lip Smacking
Meals**

Mr Bigg's
ALWAYS GOOD

**Enjoy
Lip Smacking
Meals**

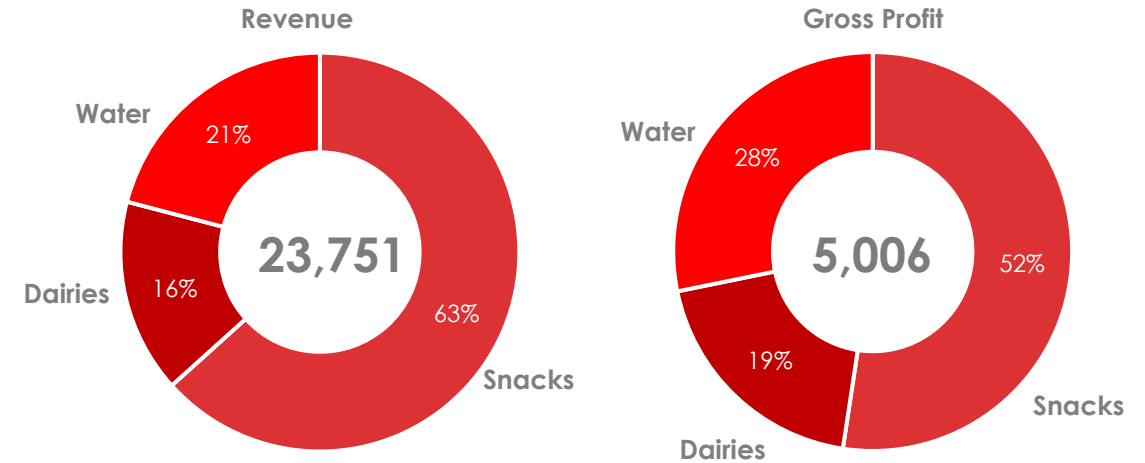


OPENING HOUR
6-45AM

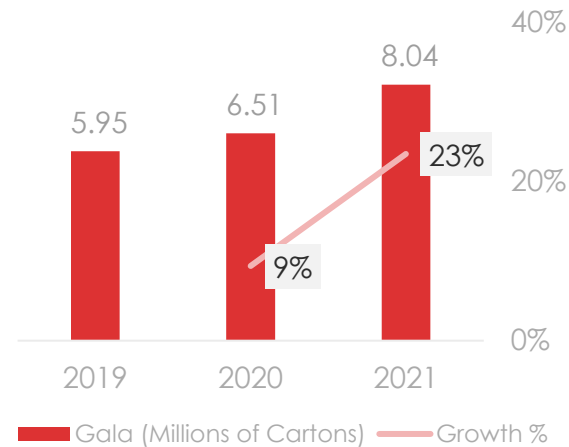
Overview

- UAC Foods is a leading packaged food and beverages company
- UAC Foods manages a family of brands across several product categories
 - Snacks:** Gala and Funtime
 - Dairy:** Supreme
 - Water:** Swan
- Wholly-owned by UACN (100%)

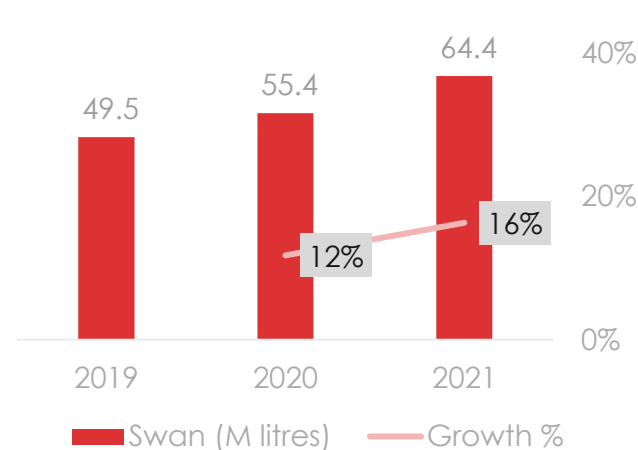
FY 2021 financial highlights (in ₹ million)



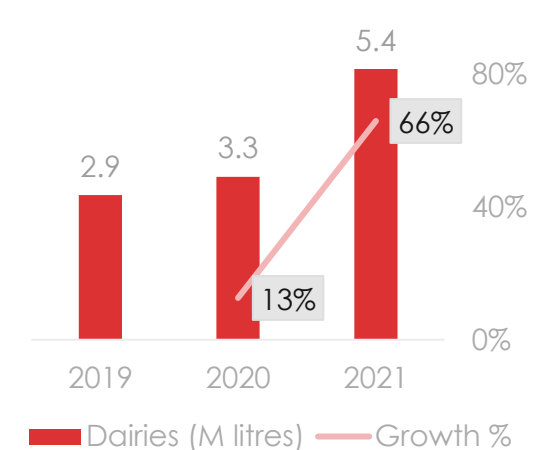
23% increase in no. of Gala cartons sold



16% increase in water volumes sold



66% increase in ice cream sold



Packaged food and beverages: Growth strategy

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Snacks

- Approaching capacity, current factory cannot support future growth. Advanced stages of exploring new plant
- Biggest strategic question relates to profitability at ₦50 price point
- The new variant launched at ₦100 to drive price point migration

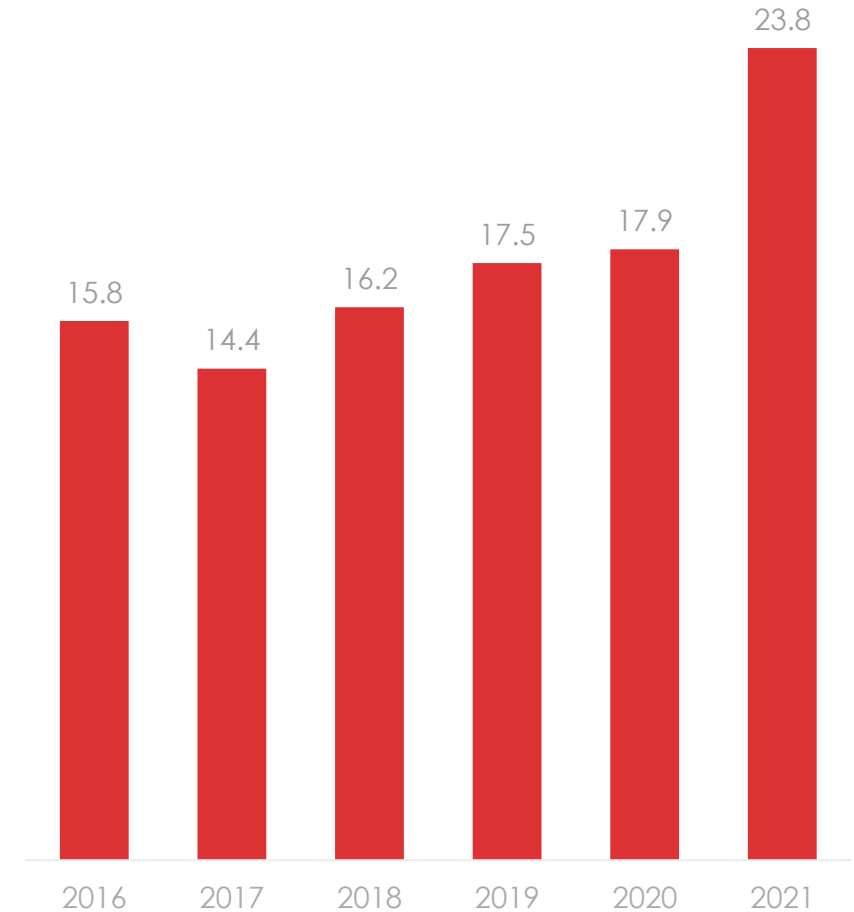
Water

- Significantly capacity constrained
- ₦ 2.65 billion in capital committed for a new line with expected commissioning in Q4 2022
- Expected to grow capacity 3x

Ice-cream

- Significant investment in plant upgrades to improve quality
- Deployed 500 freezers in trade with a further 1,000 freezers budgeted
- Changed ice-cream bowl design and invested in cold distribution

Historical revenue (₦ billion)



Overview

Chemical and Allied Products PLC 

- #1 player by market share
- Public company listed on the NGX; 56.5% UACN ownership
- Produces decorative and industrial paint; sells via dedicated distribution network
- Technology licensee and distributor for AkzoNobel in Nigeria. Distributor for Hempel's industrial products in Nigeria

Value creation

Expand Range

- Expand mid-tier offering
- Grow industrial category
- Expand in-store tinting thus increasing the number of products made in store and reducing factory complexity

Deepen Distribution

- Expand franchised distribution network
- Build trade route to market

Brands

AkzoNobel



Hempel

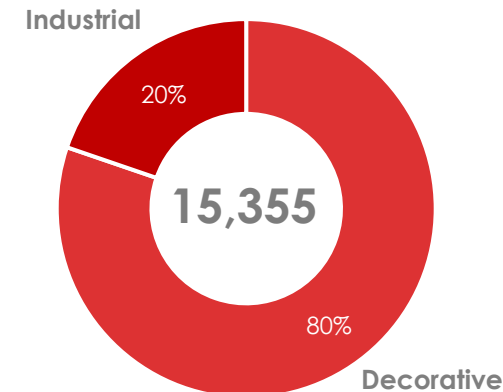


Owned Brands

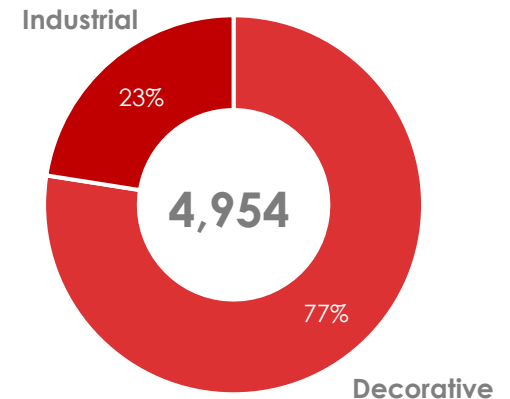


FY 2021 Key financial highlights (in ₦ mn)

Revenue



Gross Profit



Paints segment: Colour centre evolution

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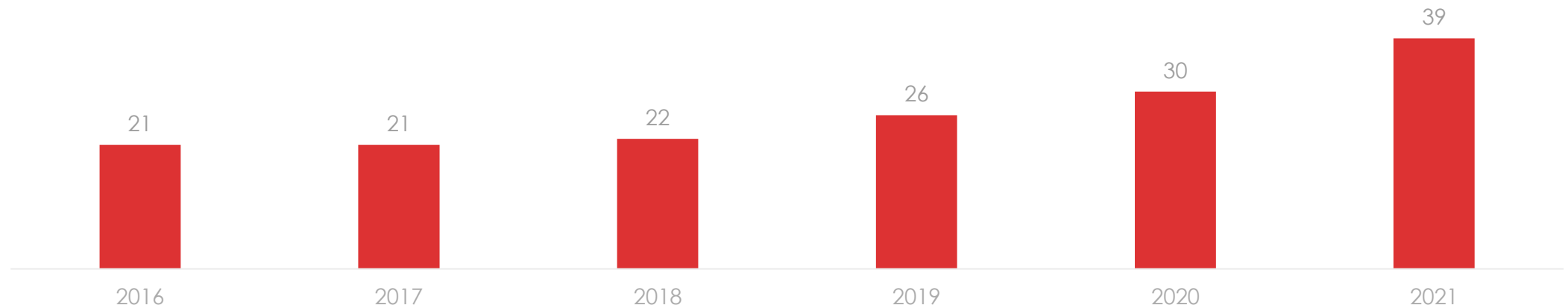
Old colour centre



New colour centre



Number of colour centres (2016 – 2021)



As at 31 March 2022, CAP PLC had 101 retail outlets categorized as follows: 40 Dulux colour centres, 16 Sandtex stores, 45 Dulux colour shops.

Quick services restaurants segment

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Overview

- UAC Restaurants (UACR) pioneered QSR in Nigeria with the launch of **Mr Bigg's** in 1986
- In addition to the Mr Bigg's chain, UACR also operates the **Debonairs Pizza** brand in Nigeria
- UACR has historically pursued a franchise-only strategy, but will operate a hybrid model of franchised and company-owned stores going forward
- UACR revenue sources include royalty and food services income from franchised outlets as well as earnings from corporate store sales

UACR operates two distinct brands



- Indigenous Nigerian fast-food chain that serves domestic as well as international cuisine
- Low-cost, family-friendly offerings targeting the mass-market



- High quality offerings targeting discerning pizza lovers
- Ongoing effort to grow footprint



Value creation

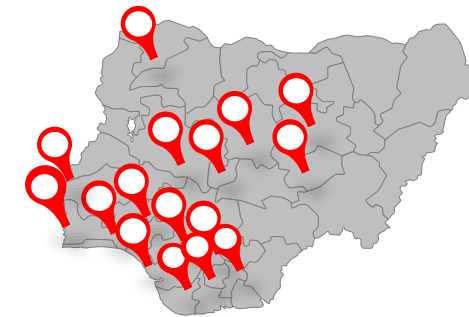
Grow

- Piloted 5 company-owned stores earning annualised ROI of 39% (ahead of plan)
- Now focused on scaling company-owned store count by 10x
- Deep focus on technology and delivery capabilities to augment sales

Optimise

- Optimize store setup costs to limit capital employed
- Continuously innovate to improve on store running cost (e.g. remote monitoring systems)

Truly national footprint



65 stores across Nigeria

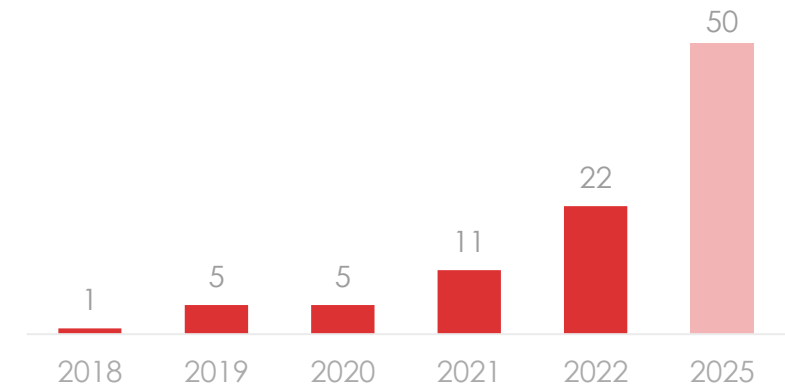
Quick services restaurants segment

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Growth strategy

- Ramp up store footprint (Traditional and Express) for Mr. Bigg's and Debonairs Pizza.
- Develop digital and omni-channel capabilities through online delivery
- Develop additional retail channels for bread, pastries and marinated chicken
- Excellent store operations, affordable menu offerings, and excellent customer service supported by a robust and scalable supply chain and head office backbone

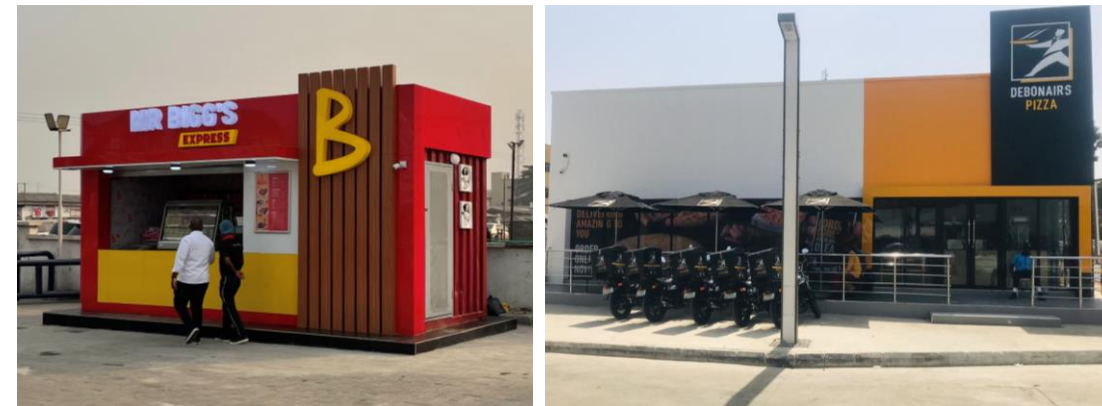
Company owned stores



Old stores



New stores



Overview

Grand Cereals Limited



- Private company; 71% ownership
- Produces animal feed, cereals, oils and dog food
- Core brands: Vital Feed, BestMate, and Grand
- #3 player in Poultry Feed; #3 player in Fish Feed
- Livestock Feeds PLC**
- Public company listed on The NGX; 73% ownership
- Produces animal feed and distributes full fats soya
- Core brands: Livestock Feeds and Aquamax
- #7 player in Poultry Feed

Key products

Poultry Feed

- Sold to commercial broiler and layer farmers

Fish Feed

- Targeted at Nigeria's growing domestic aquaculture market

Other Edibles

- Higher-margin branded edible products such as edible oils, cereals, dog food and cornflakes

Value creation

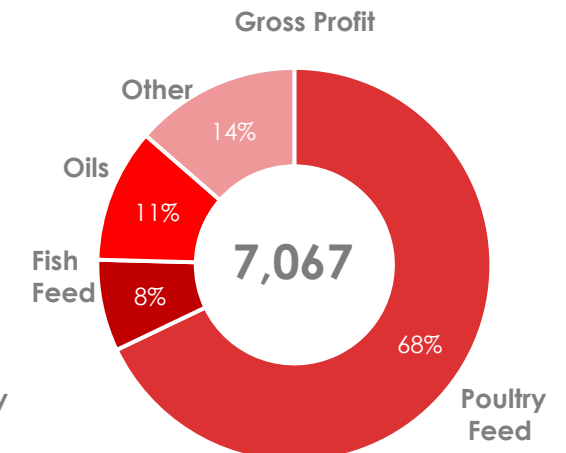
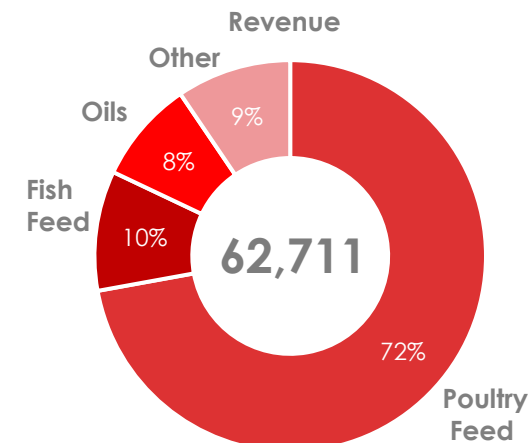
Margins

- Expansion of oil capacity (higher margin product)
- Improve procurement processes to leverage combined scale for direct sourcing

Unlock Capital

- Rationalise excess capacity to free up capital for higher ROIC projects

FY 2021 Key Financial highlights (in ₦ mn)



Outlook



Corporate action: ₦1.9 billion dividend to UAC shareholders

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FY 2021 Dividend (₦1.9bn)

- Total ordinary dividend of 65 kobo per share (₦1.9 billion)
- Qualification date: June 7, 2022
- Register of shareholders will be closed from June 8, 2022 to June 14, 2022 (both dates inclusive)
- Election for scrip dividend: June 14, 2022
- Annual General Meeting date: June 22, 2022
- Cash Dividend Payment Date: June 23, 2022

Election for Scrip Dividend instead of Cash Dividend

- Shareholders may elect to receive new ordinary shares in the Company instead of the dividend in cash
- Election is to be made on or before June 14, 2022
- Reference share price to determine the number of shares due to qualifying shareholders who elect for shares will be a ten-day trading average of the Company's share price on the floor of the Nigerian Exchange Limited, starting on June 8, 2022
- Shareholders who do not elect for new ordinary shares before or by June 14, 2022 will receive cash dividend



- Continued focus on simplicity
- Complete implementation of SAP S/4 Hana
- Drive profitable growth
- Learn from digital investments
- Execute new snacks factory

Appendix 1

Additional financial information



Income statement

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₦ mn, unless otherwise stated	FY 2021	FY 2020	Δ%
Revenue	101,377	81,358	24.6%
Gross Profit	17,540	15,990	9.7%
Gross Profit Margin (%)	17.3%	19.7%	(235 bps)
Operating Profit	4,922	3,274	50.3%
Operating Profit Margin (%)	4.9%	4.0%	83 bps
Net Finance Income	82	837	(90.2%)
Share of Profit/(Loss) of Associates and JVs	(895)	973	(192.0%)
Profit Before Tax	4,108	5,085	(19.2%)
Tax expense	(1,519)	(1,697)	(10.5%)
Profit After Tax from Continuing Operations	2,589	3,388	(23.6%)
Profit/ (Loss) After Tax from Discontinued Operations	(2)	470	(100.4%)
Profit/ (Loss) for the period	2,587	3,858	(32.9%)
Basic Earnings Per Share From Continuing Operations (Kobo)	63	69	(9.4%)
Basic Earnings Per Share From Discontinued Operations (Kobo)	(0)	21	n/m
Basic Earnings Per Share For the Period	63	90	(30.3%)
ROIC	7.8%	5.4%	243 bps

Performance Snapshot – FY 2021

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Revenue

N mn	FY 2021	FY 2020	Δ%
Group	101,377	81,358	24.6%
Animal Feeds & Other Edibles	62,711	54,224	15.7%
Paints	15,355	10,425	47.3%
Packaged Food & Beverages	23,751	17,853	33.0%
Quick Service Restaurants	2,208	1,528	44.5%
Associate: Logistics	8,568	7,970	7.5%
Associate: Real estate	825	1,662	(50.4%)

Operating Margins

	FY 2021	FY 2020	Δ%
Animal Feeds & Other Edibles	4%	4%	27 bps
Paints	9%	12%	(260 bps)
Packaged Food & Beverages	6%	8%	(171 bps)
Quick Service Restaurants	(24%)	(3%)	(2,067 bps)
Associate: Logistics	3%	11%	(756 bps)
Associate: Real Estate	(109%)	(43%)	(6,588 bps)

Profit Before Tax

N mn	FY 2021	FY 2020	Δ%
Animal Feeds & Other Edibles	1,195	1,712	(30.2%)
Paints	1,693	1,470	15.2%
Packaged Food & Beverages	1,452	1,377	5.5%
Quick Service Restaurants	(509)	(57)	n/m
Associate: Logistics	(163)	388	n/m
Associate: Real Estate	(1,616)	(263)	n/m

Return on Invested Capital

	FY 2021	FY 2020	Δ%
Animal feeds & Other Edibles	8.5%	6.2%	227 bps
Paints	48.3%	(82.4%)	n/m
Packaged Food & Beverages	15.9%	15.7%	20 bps
Quick Service Restaurants	(58.9%)	(11.0%)	n/m
Associate: Logistics	2.6%	7.0%	(445 bps)
Associate: Real Estate	(4.7%)	(4.0%)	n/m



Financial Position – 31 December 2021

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Summary Balance Sheet

N mn	Dec-21	Dec-20	Δ%
Non current Assets	42,029	41,002	2.5%
Current Assets	55,885	50,427	10.8%
Other Assets	550	269	104.1%
Total Assets	98,463	91,698	7.4%
Long term debt	340	1,735	(80.4%)
Short term debt	19,572	2,504	681.7%
Other Liabilities	27,713	26,784	3.5%
Total Liabilities	47,625	31,023	53.5%
Net Asset Value	50,838	60,676	(16.2%)

Cash/ Leverage FY 2021

N mn	Cash	Debt	Net Debt/ (Cash)	Lev. Ratio	EBITDA
HoldCo	4,304	-	(4,304)	n/a	2,099
Animal Feeds & Other Edibles	641	19,566	18,925	5.6	3,352
Paints	2,572	6	(2,566)	n/a	1,705
Packaged Food & Beverages	3,437	1,010	(2,427)	n/a	2,587
QSR	215	893	679	(1.7)	(408)
Associate: Logistics	133	1,848	1,715	1.2	1,460
Associate: Real Estate	1,878	5,512	3,633	(4.1)	(879)

Working Capital

N mn	Dec-21	Dec-20	Δ%
Inventory	36,214	20,123	80.0%
Trade Receivables	11,103	6,064	83.1%
Trade Payables	10,879	9,945	9.4%
Net Working Capital	36,437	16,242	124.3%
Inventory Days	158	113	39.9%
Receivable Days	40	27	46.5%
Payable Days	47	56	(14.9%)
Net Working Capital Days¹	150	77	95.8%

Capex FY 2021

N mn	CAPEX	Depreciation	CAPEX / Depreciation
HoldCo	215	136	0.58x
Animal Feeds & Other Edibles	1,038	748	0.39x
Paints	669	244	1.75x
Packaged Food & Beverages	1,355	893	0.52x
QSR	189	104	0.81x
Associate: Logistics	478	789	(0.39x)
Associate: Real Estate	35	15	1.27x

(1) Net Working Capital calculated as Inventory plus Receivables minus Trade payables; (2) Debt includes intercompany loans;
 (3) Leverage ratio calculated as Net debt / EBITDA; where EBITDA is Operating profit plus depreciation and amortization;



Net Debt Position

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Net (Debt)/Cash Position as at 31 Dec 2021 (in ₦ mn)

	Cash & Cash Equivalents	Short-Term Debt	Long-Term Debt	Net Debt (excl. Intra-Group)	Intra-Group Receivable / (Payable)	Net (Debt)/Cash (incl. Intra- Group)
UAC Company	4,304	-	-	4,304	2,278	6,582
Other Operating Segments	6,864	(19,572)	(340)	(13,047)	(2,278)	(15,325)
Continuing Operations	11,168	(19,572)	(340)	(8,743)	-	(8,743)
Discontinued Operations ¹	242	-	-	242	-	242
Total	11,410	(19,572)	(340)	(8,502)	-	(8,502)



1. Discontinued operation represents UNICO

Cash Flow

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PBT to Free Cash Flow

₦ mn, unless otherwise stated	FY 2021	FY 2020
Profit Before Tax from continuing operations	4,108	5,085
Profit/ (Loss) before tax from discontinued operations	(2)	544
Non-Cash charges	1,981	(1,730)
Changes in working capital	(20,334)	(5,029)
<i>of which receivables</i>	(5,256)	(1,804)
<i>of which inventory</i>	(16,231)	(3,888)
<i>of which payables</i>	182	70
<i>of which other working capital items</i>	971	593
Net cash from operations - continuing operations	(14,247)	(1,131)
Net cash from operations - discontinued operations	-	4,197
Cash taxes	(1,278)	(1,724)
Net cash flow generated from operating activities	(15,525)	1,342
Net CAPEX	(3,381)	(4,385)
Free Cash Flow	(18,906)	(3,044)