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# UAC of Nigeria PLC

## H1 2022 Results

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4 August 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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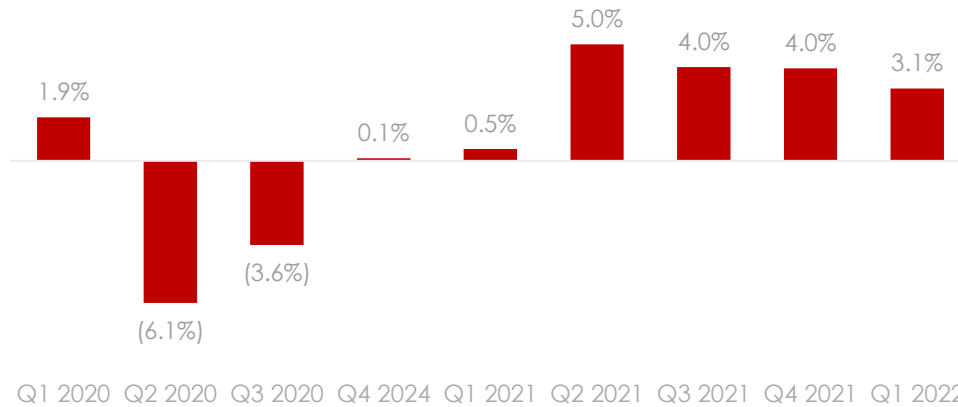
## Operating Context



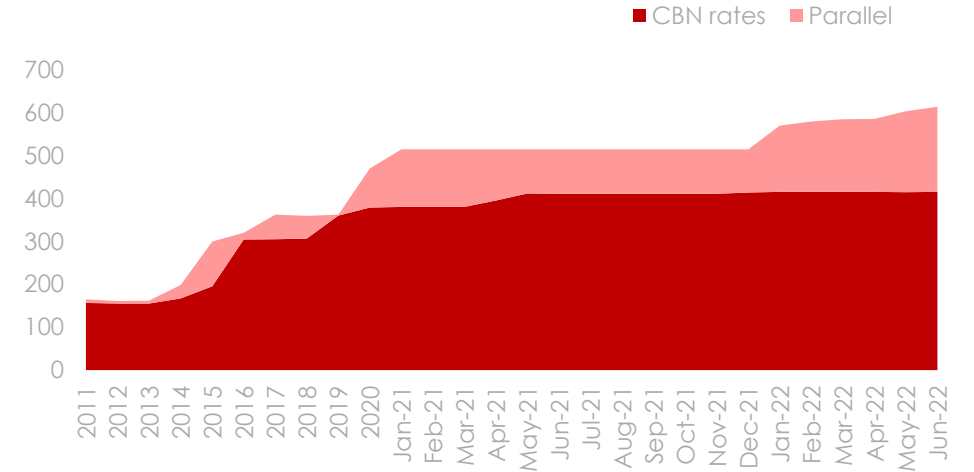
# Low Growth, High Inflation, Currency Under Pressure, Higher Interest Rates

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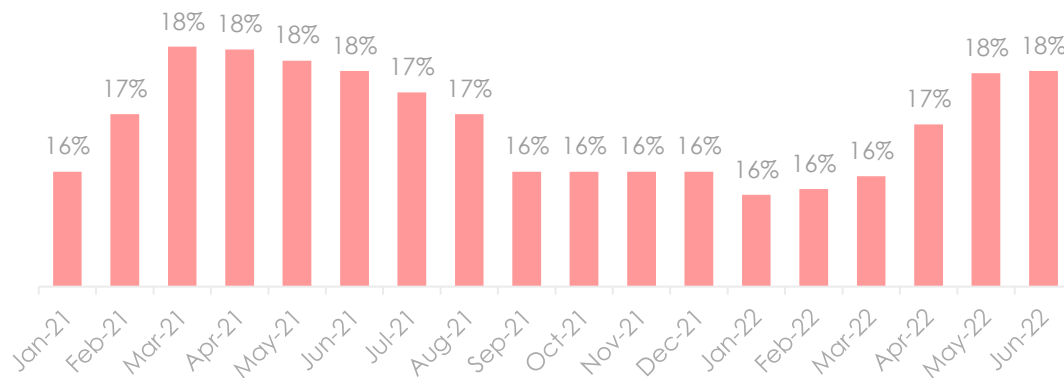
## Real GDP Growth



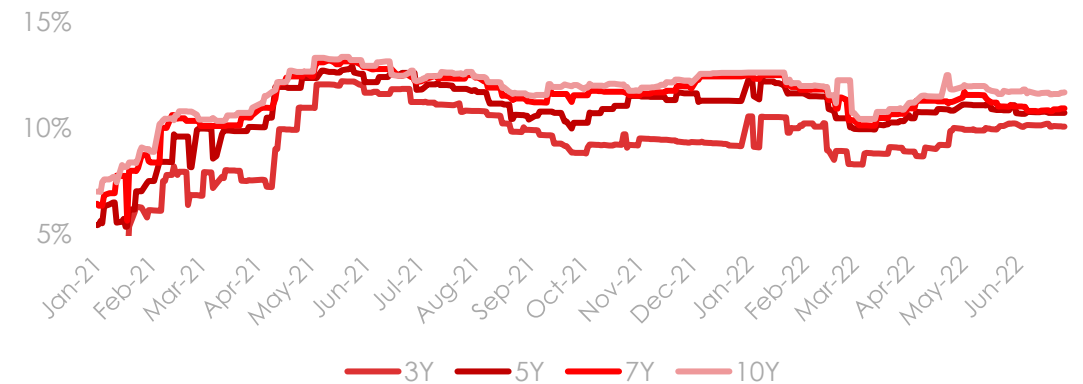
## Exchange Rate ₦:\$



## Inflation (%)



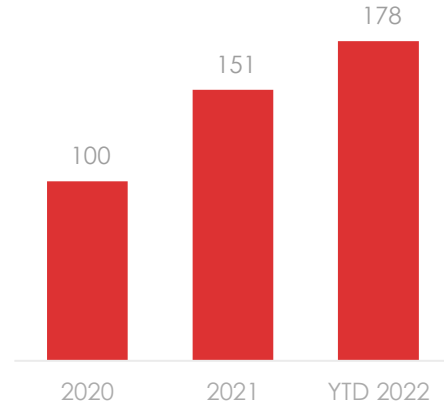
## Secondary Market Bond Yields (%)



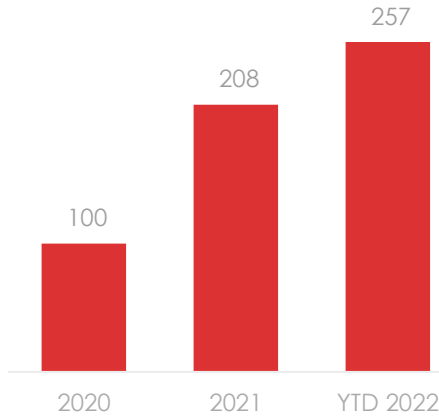
# Escalation of Key Production Input Costs

- Animal Feed
- Paints
- Food

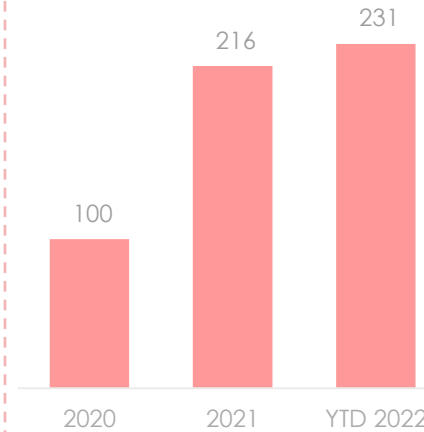
Maize



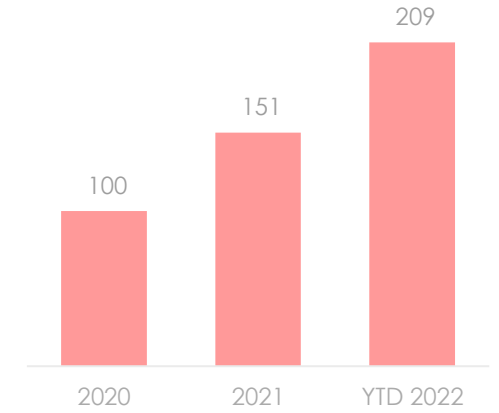
Soya Bean



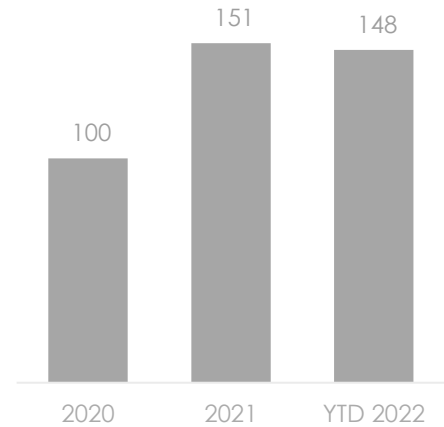
Resin



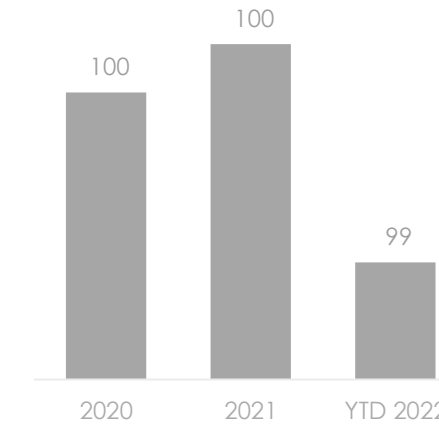
Titanium Dioxide



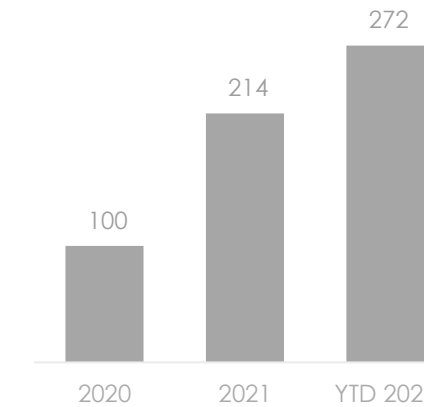
Flour



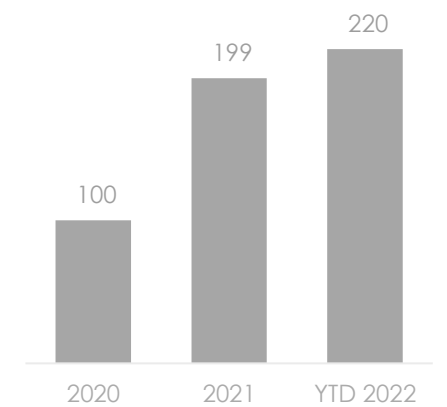
Vegetable Oil



Skimmed Milk



Sugar





**Mr Bigg's**  
ALWAYS GOOD

## H1 2022 Financial Performance

**Start Your  
Day Right**

**Enjoy  
Lip Smacking  
Meals**

**Mr Bigg's**  
ALWAYS GOOD

**Enjoy  
Lip Smacking  
Meals**

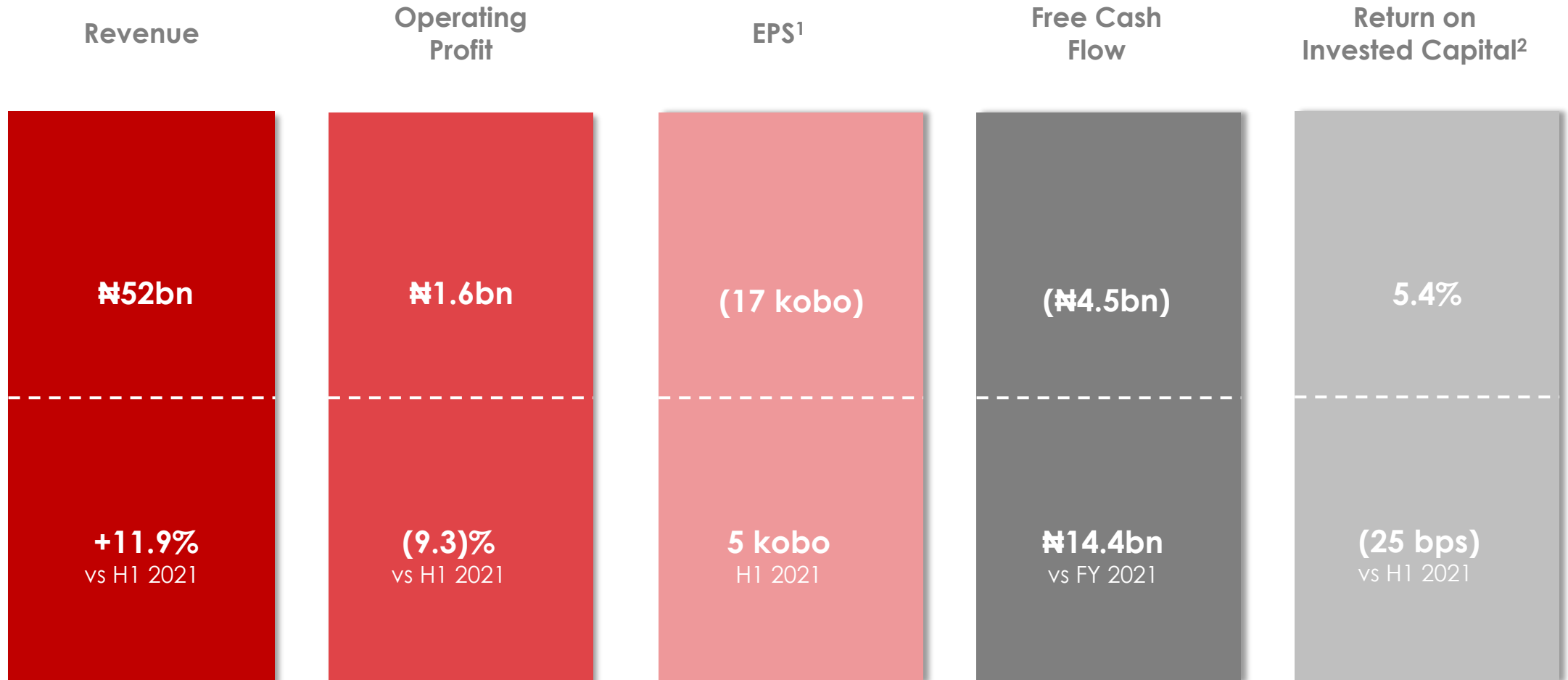


OPENING HOUR  
6-45AM



# H1 2022 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



# Balance Sheet and Liquidity

## Net Assets

**₦48.3bn**

**(₦2.6bn)**  
vs Dec 2021

## Net Debt

**₦16.5bn**

**+₦8.0bn**  
vs Dec 2021

## Net Capex

**(₦2.4bn)**

**(₦1.0bn)**  
vs Dec 2021

## Cash Cycle

**169 days**

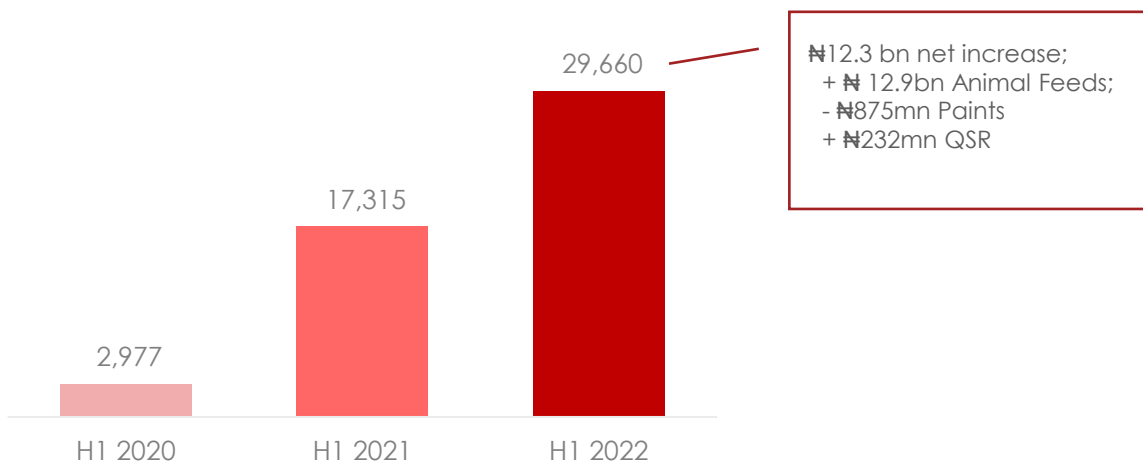
**+33 days**  
vs Dec 2021

# Increase in Debt Largely Working Capital for Animal Feeds Segment

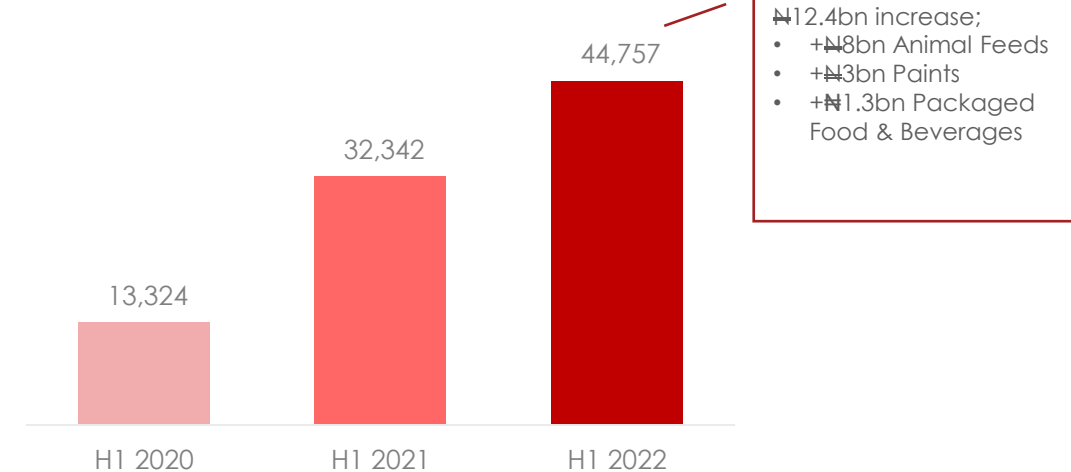
10

In Naira millions

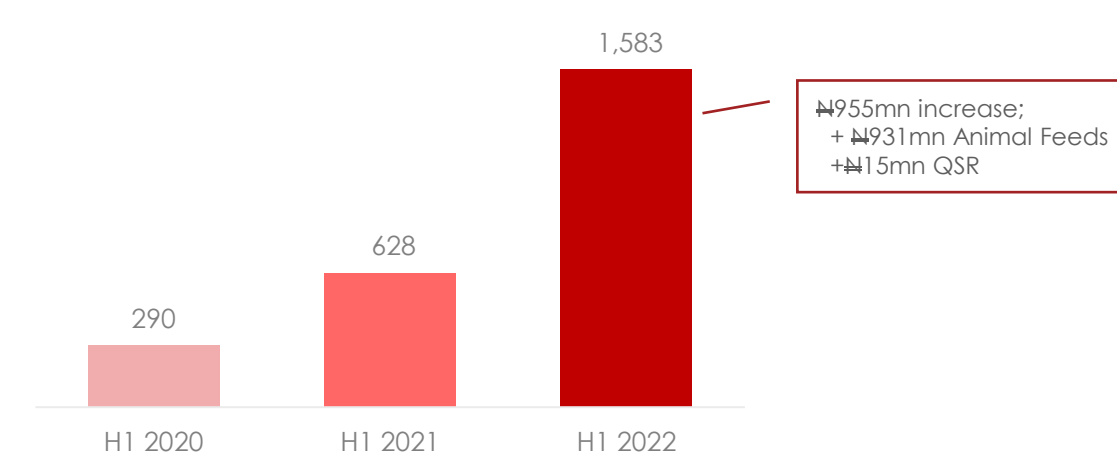
Group debt



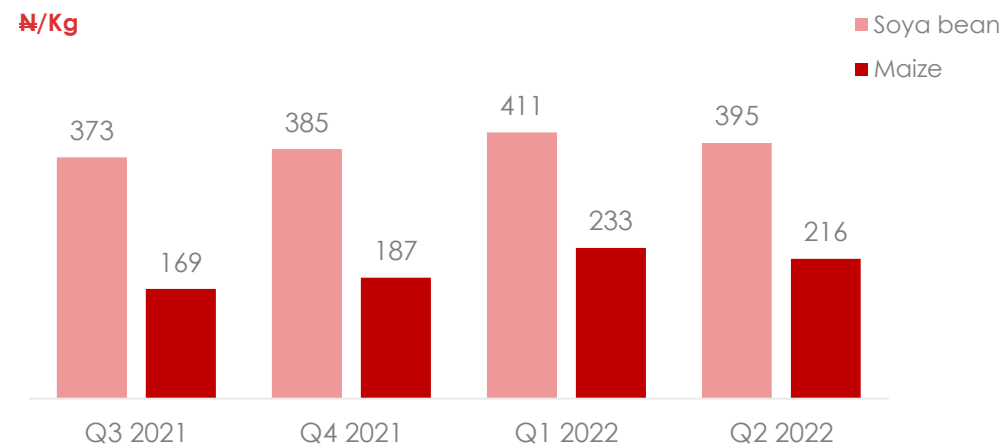
Inventory



Interest expense on bank loans



Commodity prices (Soya and Maize)



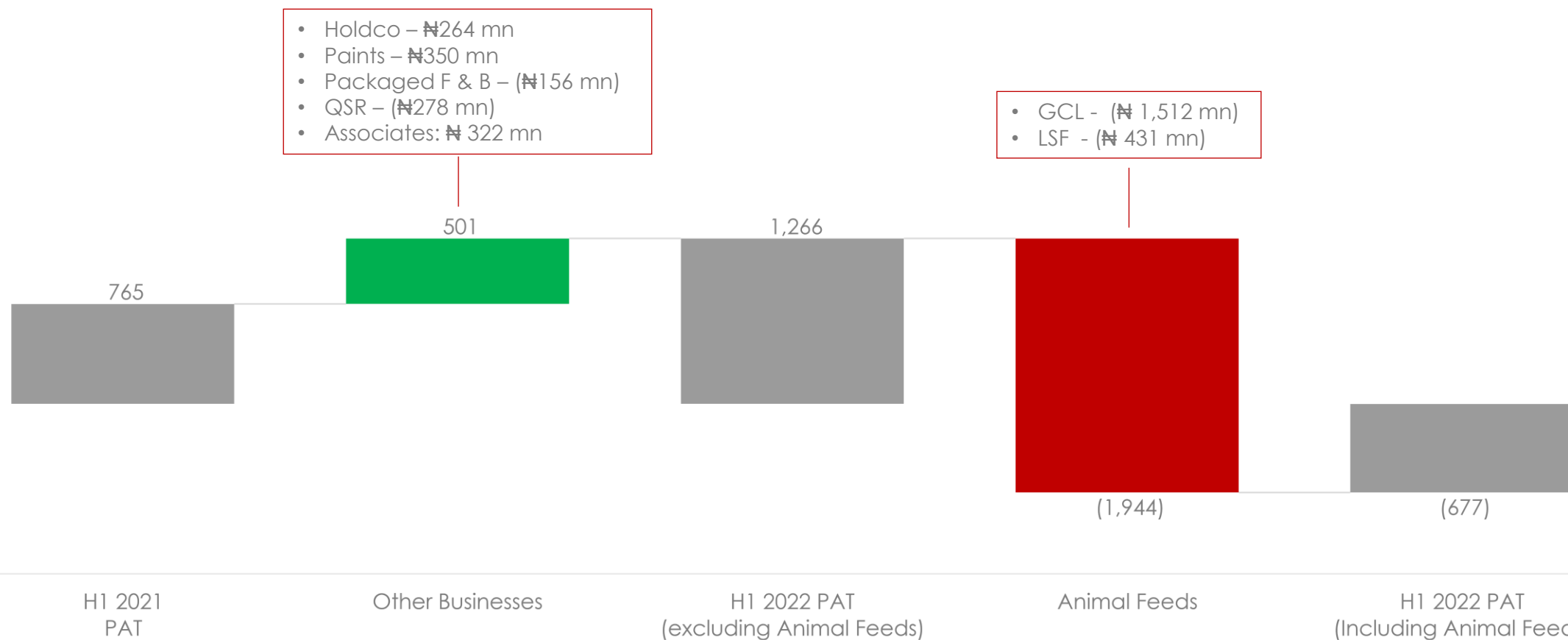
## H2 2022 Focus



# Animal Feeds Impact on H1 2022 Performance (PAT)

12

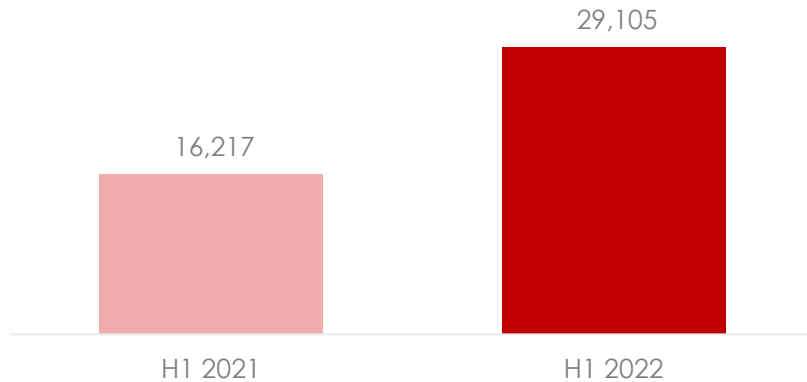
In Naira millions



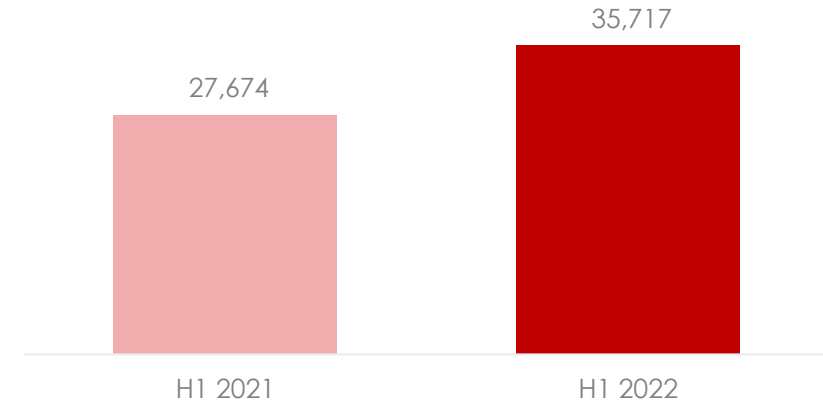
# Reduce Animal Feeds Leverage and Inventory

13

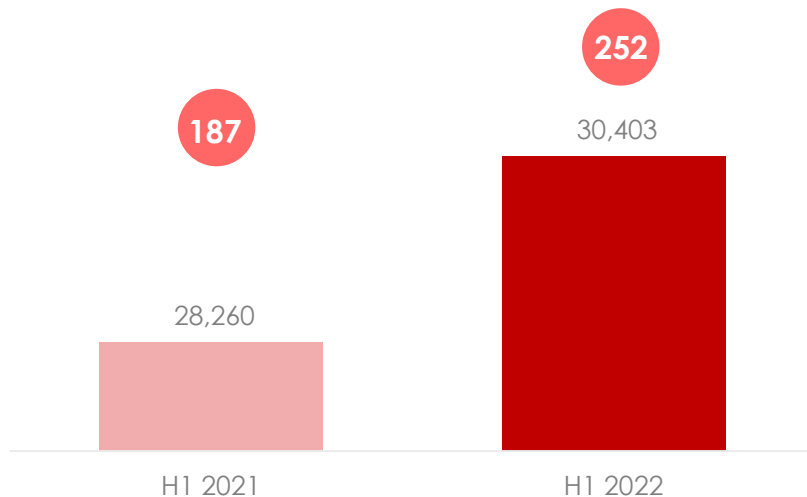
Animal Feeds Leverage (in ₹mn)



Animal Feeds Inventory (in ₹mn)



Animal Feeds Revenue (in ₹mn)



Aggressive Sell down of Inventory

- Focus on reduction of inventory to reduce leverage
- Explore two-pronged approach of bulk inventory sales and increased end product volumes
- Market reaction to improved feed formulation driving higher demand

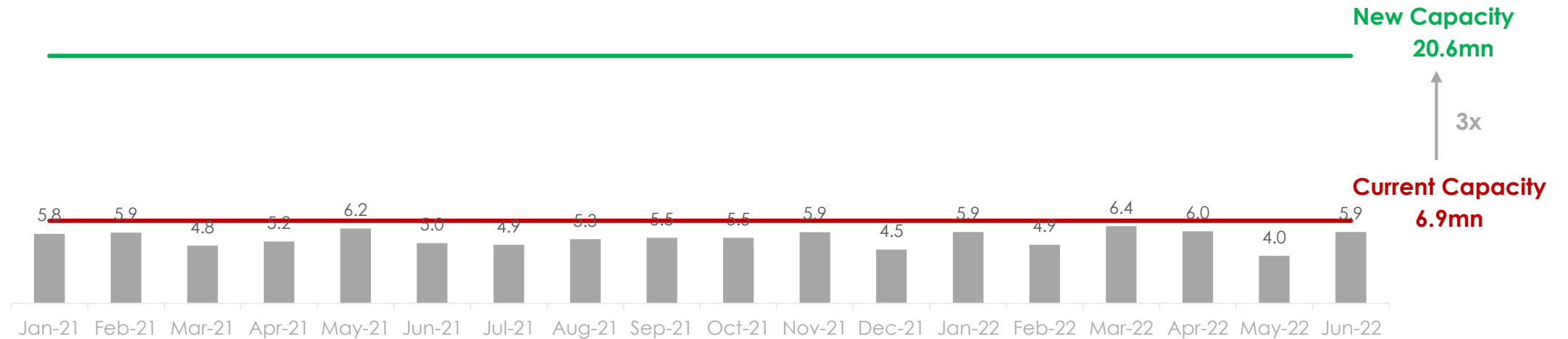


● Inventory Days

# Commission New SWAN Water Line

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Monthly production (in millions of litres)



## Overview

- SWAN has struggled to meet customers' demand for years on account of limited production capacity
- SWAN is in the process of expanding production capacity 3x to position the business for long-term growth
- SWAN is a major contributor to UAC Foods' profitability and as such, the new line will support growth in profitability





## SAP

- We have recently completed the transition to a new enterprise resource planning tool SAP S/4 Hana
- We are in the Hypercare stage focused on addressing end user complaints
- The next stage will be maximizing value from the investment

## UAC Restaurants

- UAC Restaurants, our Quick Service Restaurants business, is aggressively implementing the shift from a 100% franchise business model to a focus on corporate stores
- UAC Restaurants expects to end the year with 22 stores
  - The company had 18 corporate stores (10 express stores, 4 Mr Bigg's, 4 Debonairs) as at 30 June 2022
- Focus will be on rolling out additional corporate stores

## Other

- Continued growth in our paints business via revamping colour centres, improving customer service and growing retail presence
- This year we have deployed close to 1,000 freezers for our ice cream business and will aim to derive value from this investment
- With ongoing input cost escalation, we will be vigilant about pricing and costs

# Appendix 1

Additional financial information



# Income Statement

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# mn, unless otherwise stated	Q2 2022	Q2 2021	Δ%	H1 2022	H1 2021	Δ%	FY 2021	FY 2020	Δ%
Revenue	24,376	24,478	(0.4%)	52,042	46,499	11.9%	101,377	81,358	24.6%
Gross Profit	3,862	4,313	(10.5%)	8,937	8,324	7.4%	17,540	15,990	9.7%
Gross Profit Margin (%)	15.8%	17.6%	(178 bps)	17.2%	17.9%	(73 bps)	17.3%	19.7%	(240 bps)
Operating Profit	(257)	626	(141.0%)	1,611	1,777	(9.4%)	4,922	3,274	50.3%
Operating Profit Margin (%)	(1.1%)	2.6%	(361 bps)	3.1%	3.8%	(73 bps)	4.9%	4.4%	50 bps
Net Finance Income	(630)	(197)	219.9%	(1,540)	(102)	1,414.9%	82	837	(90.2%)
Share of Profit/(Loss) of Associates	(79)	(162)	(50.9%)	(58)	(380)	(84.6%)	(895)	973	(192.0%)
<b>Profit Before Tax</b>	<b>(966)</b>	<b>267</b>	<b>(462.2%)</b>	<b>12</b>	<b>1,296</b>	<b>(99.0%)</b>	<b>4,108</b>	<b>5,085</b>	<b>(19.2%)</b>
Tax expense	(353)	(171)	106.6%	(690)	(531)	29.9%	(1,519)	(1,697)	(10.5%)
<b>Profit/ (Loss) After Tax from Continuing Operations</b>	<b>(1,320)</b>	<b>96</b>	<b>n/m</b>	<b>(677)</b>	<b>765</b>	<b>(188.6%)</b>	<b>2,589</b>	<b>3,388</b>	<b>(23.6%)</b>
Profit/ (Loss) After Tax from Discontinued Operations	(35)	(2)	n/m	(39)	(2)	n/m	(2)	470	(100.4%)
<b>Profit/ (Loss) for the period</b>	<b>(1,355)</b>	<b>94</b>	<b>n/m</b>	<b>(716)</b>	<b>763</b>	<b>(193.9%)</b>	<b>2,587</b>	<b>3,928</b>	<b>(34.1%)</b>
Basic Earnings Per Share From Continuing Operations (Kobo)	(35)	(7)	n/m	(17)	5	n/m	63	69	(9.4%)
Basic Earnings Per Share From Discontinued Operations (Kobo)	(1)	-	n.a	(1)	-	n.a	-	21	(100.0%)
Basic Earnings Per Share For the Period	(36)	(7)	n/m	(18)	5	n/m	63	90	(30.5%)
ROIC			-	5.4% <sup>1</sup>	5.7% <sup>1</sup>	(25 bps)	7.8%	5.4%	242 bps

n.a: Not applicable; n/m: Not meaningful



1. Annualised ROIC

# Performance Snapshot – H1 2022

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## Revenue

N mn	H1 2022	H1 2021	Δ%
Animal Feeds & Other Edibles	30,403	28,260	7.6%
Paints	8,745	6,789	28.8%
Packaged Food & Beverages	12,658	11,903	6.3%
Quick Service Restaurants	1,299	1,013	28.2%
<b>Associate: Logistics</b>	4,526	4,128	9.6%
<b>Associate: Real estate</b>	1,138	316	259.9%

## Operating Margins

	H1 2022	H1 2021	Δ%
Animal Feeds & Other Edibles	(0%)	4%	(451 bps)
Paints	15%	10%	554 bps
Packaged Food & Beverages	5%	7%	(155 bps)
Quick Service Restaurants	(21%)	(5%)	(1,619 bps)
<b>Associate: Logistics</b>	6%	0%	553 bps
<b>Associate: Real Estate</b>	20%	(28%)	4,821 bps

## Profit Before Tax

N mn	H1 2022	H1 2021	Δ%
Animal Feeds & Other Edibles	(1,500)	521	(388.2%)
Paints	1,329	763	74.3%
Packaged Food & Beverages	534	759	(29.7%)
Quick Service Restaurants	(334)	(56)	n/m
<b>Associate: Logistics</b>	30	(238)	n/m
<b>Associate: Real estate</b>	(6)	(511)	n/m

## Return on Invested Capital

	H1 2022	H1 2021	Δ%
Animal Feeds & Other Edibles	(0%)	4%	(433 bps)
Paints	46%	22%	2,429 bps
Packaged Food & Beverages	6%	9%	(295 bps)
Quick Service Restaurants	(26%)	(5%)	(2,050 bps)
<b>Associate: Logistics</b>	2%	0%	190 bps
<b>Associate: Real Estate</b>	1%	(0%)	171 bps



# Performance Snapshot – Q2 2022

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## Revenue

N mn	Q2 2022	Q2 2021	Δ%
Animal Feeds & Other Edibles	13,859	14,244	(2.7%)
Paints	4,089	4,219	(3.1%)
Packaged Food & Beverages	6,172	6,002	2.8%
Quick Service Restaurants	708	559	26.7%
<b>Associate:</b> Logistics	2,307	2,082	10.8%
<b>Associate:</b> Real estate	357	244	46.4%

## Profit Before Tax

N mn	Q2 2022	Q2 2021	Δ%
Animal Feeds & Other Edibles	(1,370)	171	(902.3%)
Paints	548	442	24.1%
Packaged Food & Beverages	196	296	(33.8%)
Quick Service Restaurants	(168)	(34)	393.4%
<b>Associate:</b> Logistics	85	(149)	(157.2%)
<b>Associate:</b> Real estate	(152)	(102)	48.6%

## Operating Margins

	Q2 2022	Q2 2021	Δ%
Animal Feeds & Other Edibles	(6%)	4%	(969 bps)
Paints	14%	9%	436 bps
Packaged Food & Beverages	3%	5%	(176 bps)
Quick Service Restaurants	(19%)	(5%)	(1,421 bps)
<b>Associate:</b> Logistics	10%	(1%)	1,098 bps
<b>Associate:</b> Real Estate	(9%)	51%	(6,052 bps)



# Financial Position – 30 June 2022

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## Summary Balance Sheet

₺ mn	Jun-22	Dec-21	Δ%
Non-current Assets	43,171	42,029	2.7%
Current Assets	63,172	56,354	12.1%
Other Assets	550	550	-
<b>Total Assets</b>	<b>106,893</b>	<b>98,933</b>	<b>8.0%</b>
Long term debt	2,191	340	544.4%
Short term debt	27,469	19,572	40.3%
Other Liabilities	28,977	28,182	2.8%
<b>Total Liabilities</b>	<b>58,637</b>	<b>48,094</b>	<b>21.9%</b>
<b>Net Asset Value</b>	<b>48,256</b>	<b>50,839</b>	<b>(5.1%)</b>

## Cash/ Leverage H1 2022

₺ mn	Cash	Debt <sup>2</sup>	Net Debt/ (Cash)	Lev. Ratio <sup>3</sup>	EBITDA
HoldCo	5,546	18,239	12,693	14.4	881
Animal Feeds & Other Edibles	1,764	10,866	9,101	30.4	299
Paints	3,086	197	(2,889)	n/a	1,476
Packaged Food & Beverages	2,516	-	(2,516)	n/a	1,264
QSR	61	358	296	(1.5)	(192)
<b>Associate: Logistics</b>	<b>13</b>	<b>2,648</b>	<b>2,635</b>	<b>9.3</b>	<b>283</b>
<b>Associate: Real Estate</b>	<b>2,203</b>	<b>5,512</b>	<b>3,309</b>	<b>13.8</b>	<b>239</b>

## Working Capital

₺ mn	Jun-22	Dec-21	Δ%
Inventory	44,757	36,214	23.6%
Trade Receivables	2,179	1,104	97.4%
Trade Payables	6,537	5,821	12.3%
<b>Net Working Capital<sup>1</sup></b>	<b>53,473</b>	<b>43,139</b>	<b>24.0%</b>
Inventory Days	189	157	21.0%
Receivable Days	8	5	54.3%
Payable Days	28	25	9.9%
<b>Net Working Capital Days</b>	<b>169</b>	<b>136</b>	<b>24.2%</b>

## Capex H1 2022

₺ mn	CAPEX	Depreciation	CAPEX / Depreciation
HoldCo	136	82	0.65x
Animal Feeds & Other Edibles	503	394	0.28x
Paints	227	151	0.50x
Packaged Food & Beverages	1,366	475	1.87x
QSR	386	65	4.95x
<b>Associate: Logistics</b>	<b>1,394</b>	<b>12</b>	<b>116.64x</b>
<b>Associate: Real Estate</b>	<b>6</b>	<b>8</b>	<b>(0.24x)</b>

(1) Net Working Capital calculated as Inventory plus Receivables minus Trade payables; (2) Debt excludes 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 30 June 2022 (in ₦ mn)

	Cash & Cash equivalents	Short term Debt	Long term Debt	Net debt (exc. Intra-group loans)	Intra group receivable/ (payable)	Net (debt)/cash (June 2022)	Net (debt)/cash (Dec. 2021)
UAC Company	5,546	(18,239)	-	(12,693)	18,674	5,981	6,582
Other Operating Segment	7,428	(9,230)	(2,191)	(3,992)	(18,674)	(22,666)	(15,325)
Continuing Operations	12,974	(27,469)	(2,191)	(16,686)	-	(16,686)	(8,743)
Discontinued Operation <sup>1</sup>	203	-	-	203	-	203	242
<b>Total</b>	<b>13,177</b>	<b>(27,469)</b>	<b>(2,191)</b>	<b>(16,482)</b>	<b>-</b>	<b>(16,482)</b>	<b>(8,502)</b>



1. Discontinued operation represents UNICO

# Cash Flow

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## PBT to Free Cash Flow

₹ mn, unless otherwise stated

	H1 2022	H1 2021
<b>Profit Before Tax from continuing operations</b>	<b>12</b>	<b>1,296</b>
Profit/ (Loss) before tax from discontinued operations	<b>(39)</b>	<b>(2)</b>
Non-Cash charges	2,531	1,432
<b>Changes in working capital</b>	<b>(4,571)</b>	<b>(15,983)</b>
<i>of which receivables</i>	3,469	(3,625)
<i>of which inventory</i>	(8,587)	(12,230)
<i>of which payables</i>	1,353	86
<i>of which other working capital items</i>	(805)	214
<b>Net cash from operations - continuing operations</b>	<b>(2,066)</b>	<b>(13,257)</b>
Net cash from operations - discontinued operations	-	
Cash taxes	(108)	(702)
<b>Net cash flow generated from operating activities</b>	<b>(2,174)</b>	<b>(13,960)</b>
Net CAPEX	(2,372)	(1,316)
<b>Free Cash Flow</b>	<b>(4,546)</b>	<b>(15,276)</b>

