



## PRESS RELEASE

Regulated information

### Financial Results for the year ended 31 December 2023

Lagos, 28 March 2024 – UAC of Nigeria PLC (“UAC” or the “Group”) results for the year ended 31 December 2023.

#### Highlights

- ₦121bn revenue, 10% higher than 2022, driven by sales growth across all operating segments: Paints (+24%), Packaged Food and Beverages (+23%), Quick Service Restaurants (+21%), and Animal Feeds and Other Edibles (+2%).
- ₦21.3bn gross profit, 50% higher vs 2022. Gross margin expanded 466bps to 18% due to price increases implemented to mitigate the impact of inflation, volume growth in the Packaged Food and Beverages and Paints segments, as well as improvements in production efficiency in the Animal Feeds segment.
- ₦9.1bn operating profit compared to operating loss of ₦2.4bn in 2022. Improved performance in 2023 due to:
  - Higher revenue across all segments driven by a mix of volume growth and price increases.
  - Cost saving initiatives implemented at our Animal Feeds and Other Edibles segment.
  - Gain from disposal of non-core property assets.
- Profit before tax of ₦12.3bn. Underlying profit before tax, adjusted for exceptional items, of ₦1.2bn compared to loss before tax of ₦4.4bn recorded in 2022.
- Earnings per share of 314 kobo (2022: -107 kobo).
- ₦25.3bn cash and cash equivalents, 56% higher than ₦16.2bn in 2022.

Commenting on the results, **Group Managing Director, Fola Aiyesimoju**, stated: “On our earnings call for the 2022 financial year, we stated that our biggest objective was to reverse the performance trend of the Animal Feeds business and to address the challenges that negatively impacted performance of our Packaged Food and Beverages business. We are pleased to have successfully executed on this which, together with sound risk management practices, drove performance in 2023. Our Packaged Food and Beverages business grew profitability by ₦2.4bn from a loss of ₦144mn in 2022 to a profit of ₦2.2bn in 2023. Initiatives to drive Animal Feeds performance bore fruit in the fourth quarter and the business recorded ₦3.8bn in incremental profit, from a loss of ₦3.5bn in Q4 2022 to a profit of ₦324mn in Q4 2023. Our focus in 2024 will be on sustaining and improving performance across our businesses.”

#### Group Highlights

In million ₦, unless otherwise stated	2023	2022	Δ %
Revenue	120,528	109,270	10.3%
Gross Profit	21,319	14,237	49.7%
Gross Profit Margin (%)	17.7%	13.0%	466 bps
Selling and Distribution Expenses	(8,795)	(8,507)	3.4%
Administrative Expenses	(11,440)	(8,805)	29.9%
Operating Expenses	(20,234)	(17,312)	16.9%
Operating Expenses (% of revenue)	16.8%	15.8%	94 bps
Other income	8,008	691	1058.7%
EBIT	9,093	(2,384)	n/m
EBIT Margin (%)	7.5%	(2.2%)	973 bps
Net Finance (Cost)/Income	2,388	(2,085)	n/m
Share of (Loss)/Profit of Associates	860	103	731%
Profit/(Loss) Before Tax	12,340	(4,365)	n/m
Profit Before Tax Margin (%)	10.2%	(4.0%)	1,423 bps
Profit/(Loss) After Tax From Continuing Operations	8,908	(4,000)	n/m
Profit/(Loss) After Tax from Discontinued Operations	-	7	n/m
Profit/(Loss) for the period	8,908	(3,993)	n/m
Profit Margin (%)	7.4%	(3.7%)	1,105 bps
Basic Earnings Per Share (EPS):			
From Continuing Operations (Kobo)	314	(107)	n/m
From Discontinued Operations (Kobo)	-	-	n/m
For the Period (Kobo)	314	(107)	n/m
Annualised Return on Equity (ROE)	18.1%	(7.3%)	2,544 bps
Annualised Return on Invested Capital (ROIC)	20.1%	(4.9%)	2,502 bps

n/m: not meaningful.

	Dec-23	Dec-22	Δ
Quick Ratio	0.7x	0.5x	0.2x
Current Ratio	1.2x	1.1x	0.1x
Gearing	52%	42%	964 bps
Total Assets / Equity	2.1x	2.1x	0.0x
Net Debt / EBITDA	0.2x	3.5x	(3.3x)
Free Cash Flow	4,513	9,578	(5,065)

## Group Performance and Financial Review

**Revenue** in 2023 increased 10% year on year (“YoY”) to ₦121 billion supported by revenue growth in all segments. Paints segment (+24.4% YoY) on account of price increases and positive impact of growth strategy on volumes; Packaged Food and Beverages segment (+23.0% YoY) due to volume growth in snacks and spring water categories, as well as price reviews across board; Quick Service Restaurants segment (+20.8% YoY) driven by increase in company-owned restaurants (corporate stores), and Animal Feeds segment (+1.5% YoY) driven by price increases to offset rising raw material costs.

**Gross profit** in 2023 increased by 50% YoY to ₦21.3 billion and gross profit margin expanded by 466 bps to 17.7%. Margin improvement was largely on account of topline growth in all segments and production efficiency in the Animal Feeds and other Edibles segment.

**Operating Profit** was ₦9.1 billion in 2023 (2022: operating loss of ₦2.4 billion). The improvement in profitability is attributable to gross profit expansion and gain from sale of non-core property assets. **Underlying operating profit, adjusted for gain from property sale and non-recurring impairment charge, was ₦2.1bn.** Operating profit margin expanded 973bps to 7.5%. **Operating expenses** as a percentage of sales increased 94bps YoY to 16.8%. Operating expense of ₦20bn was 16.9% higher compared to 2022 reflecting the impact of inflation on operating cost as well the effect of Naira depreciation on expenses pegged to foreign currency.

The Group recorded **Net finance income** of ₦2.4 billion in 2023 compared to net finance cost of ₦2.1 billion recorded in 2022. Finance income was positively impacted by higher cash as well as gains in the treasury portfolio.

**Share of profit from associate companies** was ₦860 million, compared to ₦103 million in FY 2022 driven expansion of MDS’ transport business. **Profit before tax** was ₦12.3 billion, compared to the loss before tax of ₦4.4 billion recorded in FY 2022. Underlying PBT, adjusted for exceptional items was ₦1.2bn. **Total profit for the period** was ₦8.9 billion in FY 2023 impacted by tax expense of ₦3.4 billion, compared to Loss after tax of ₦4 billion in 2022.

**Earnings per share** was 314 kobo in FY 2023 compared to 107 Kobo loss per share recorded in FY 2022.

**Free Cash Flow** for the period was ₦3.8 billion in 2023 compared with ₦9.6 billion in 2022, due to increased inventory and receivables in FY 2023. **Return on Equity** from continuing operations for FY 2023 was 18.1%, compared to a negative 7.3% in FY 2022. **Return on Invested Capital (ROIC)** was up 2,502 bps at a 20.1% (FY 2022: negative 4.9%).

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

Revenue (% and ₦m)	2023	2022	Δ % vs 2022
Animal Feeds and Other Edibles	66,942	65,939	1.5%
Paints	23,890	19,208	24.4%
Packaged Food and Beverages	28,705	23,341	23.0%
Quick Service Restaurants	3,715	3,075	20.8%
Earnings /(Loss) before Interest & Tax – EBIT (₦m)	2023	2022	Δ % vs 2022
Animal Feeds and Other Edibles	(24)	(4,389)	n/m
Paints	3,253	3,096	5.1%
Packaged Food and Beverages	1,379	(10)	n/m
Quick Service Restaurants	(957)	(608)	n/m
Profit/ (Loss) Before Tax – PBT (₦m)	2023	2022	Δ % vs 2022
Animal Feeds and Other Edibles	(2,452)	(6,863)	n/m
Paints	3,779	3,444	9.7%
Packaged Food and Beverages	2,230	(144)	n/m
Quick Service Restaurants	(1,247)	(814)	n/m

<sup>1</sup> Performance of the corporate head office not included in the table as it is not allocated to any segment

### **Animal Feeds and Other Edibles**

Revenue increased 1.5% YoY to ₦66.9 billion in 2023 (2022: ₦65.9 billion) on account of price increases in response to escalating costs. The segment recorded an operating loss of ₦24 million in 2023 (FY 2022: ₦4.4 billion). Improved performance was on account of deliberate cost saving initiatives implemented to reduce conversion costs, price reviews and YoY decline in operating expenses driven by a reduction in power cost. The segment recorded a ₦2.5 billion loss before tax in FY 2023 compared to a ₦6.9 billion Loss before tax in FY 2022, impacted by finance cost of ₦2.4 billion recorded during the period.

### **Packaged Food and Beverages**

Revenue increased 23% YoY to ₦28.7 billion in 2023 (2022: ₦23.3 billion) as a result of increased sales volumes and price increases to mitigate input cost escalation. Operating profit of ₦1.4 billion in 2023 compared to an operating loss of ₦61 million impacted by gross profit improvement offset partly by increased operating expenses, particularly significant increases in distribution costs and energy costs due to higher diesel price impacting haulage rates. Profit before tax increased to ₦2.2 billion compared to a loss before tax of ₦144 million in 2022.

### **Paints**

Revenue increased 24.2% to ₦23.9 billion in 2023 (2022: ₦19.2 billion) supported by volume growth and price increases. Operating profit was 5.1% higher at ₦3.3 billion supported by topline growth despite the 30% increase in operating expenses. Profit before Tax was ₦3.8 billion in 2023, 10% higher than the ₦3.4 billion recorded in 2022.

### **Quick Service Restaurants (QSR)**

Revenue increased 20.8% YoY to ₦3.7 billion in 2023 (FY 2022: ₦3.1 billion) driven by growth in sales of company-owned restaurants (corporate stores). The segment recorded a ₦957 million operating loss in 2023 (2022: ₦608 million loss) impacted by higher cost of sales which was driven by the increase in the number of restaurants, higher raw material costs and power cost. The QSR segment recorded a ₦1.2 billion loss before tax in 2023, against a ₦814 million loss before tax in 2022. QSR management is working on efforts to drive profitability by implementing production cost optimisation initiatives and limiting costs, especially in power generation at corporate stores.

### **Associate: Real Estate (UPDC – 42.85% ownership)**

UPDC's FY 2023 revenue declined by 13% YoY to ₦5.1 billion (2022: ₦5.9 billion) driven by decline in revenue recorded on property sales. UPDC recorded operating profit of ₦568 million in FY 2023 (2022: ₦711 million) due to decreased revenue and an increase of 35% in operating expenses on account of full operationalisation of UPDC hotel and increased personnel cost. Net finance costs decreased by about 43% YoY in 2023 on account of higher yield on investments and part repayment (₦1.1 billion) of its shareholder loan in December 2022. UPDC recorded profit before tax of ₦352 million, compared to ₦331 million in FY 2022.

### **Associate: Logistics (MDS Logistics – 43% ownership)**

MDS Logistics' revenue increased 61% YoY to ₦17.7 billion in FY 2023 from ₦10.9 billion in 2022, driven by the expansion of transport operations through the addition of trucks to the company's fleet and growth of its warehouse business. Operating profit of ₦3.7 billion compared to ₦1.1 billion in 2022 supported by gross profit improvement, gain derived from the sale of non-core assets but impacted negatively by 7% increase in operating expenses, particularly in personnel and IT infrastructure cost to support the growth in transport business. Net finance cost increased by 133% in FY 2023 due to increased borrowings to support the larger fleet. Profit before tax of ₦1.8 billion was recorded in the period (2022: ₦284 million).

### **Results Conference Call**

Management will host an investor and analyst conference call on Thursday, 4 April 2024 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)

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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 (57.9% 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.

#### Packaged Food and Beverages

- UAC Foods Limited (99.96% 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.

#### 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 (42.85% ownership) - a leading property development and management company quoted on NGX.

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.*