



PRESS RELEASE

Regulated information

Financial Results for the three months ended 31 March 2024

29 April 2024 – UAC of Nigeria PLC (“UAC” or the “Group”) announced its results for the period ended 31 March 2024.

Highlights

- ₦40.6bn revenue, 65% higher year on year on account of sales growth in Animal Feeds and Other Edibles (+30%), Paints (+114%), and Packaged Food and Beverages (+125%) segments.
- ₦9.1bn gross profit, 177% higher versus Q1 2023. Gross margin expanded 911 bps to 22.4%.
- ₦3.4bn operating profit compared to ₦700mn operating loss in Q1 2023. Improved performance due to:
 - Higher sales driven by a mix of volume growth and price increases.
 - Improvements in production efficiency and cost saving initiatives implemented in the Animal Feeds segment.
- Profit before tax of ₦9bn. Underlying profit before tax, adjusted for exceptional items, of ₦3.1bn compared to loss before tax of ₦937mn recorded in Q1 2023.

Commenting on the results, **Group Managing Director, Fola Aiyesimoju**, stated: “We recorded strong performance in Q1 2024 which reflects our ongoing efforts to drive sustainable growth and profitability. Our consolidated revenues, gross profit and operating profit grew 65%, 177% and 586% respectively. Revenue growth was on account of positive performance from our operating segments. Efforts at driving production and supply chain efficiencies resulted in margin improvements.

We expect economic conditions to continue to remain difficult over the course of 2024 and remain focused on creating shareholder value despite this backdrop. We aim to focus on factors within our control which are to drive simplicity, maintain margins via supply chain efficiencies and proactive pricing, as well as alleviating the impact of inflation on our employees by improving salaries and work conditions.”

Group Highlights

In million ₦, unless otherwise stated	Q1 2024	Q1 2023	Δ %
Revenue	40,556	24,620	64.7%
Gross Profit	9,094	3,279	177.4%
Gross Profit Margin (%)	22.4%	13.3%	911 bps
Selling and Distribution Expenses	(2,542)	(1,969)	29.1%
Administrative Expenses	(3,431)	(2,188)	56.8%
Operating Expenses	(5,972)	(4,157)	43.7%
Operating Expenses (% of revenue)	14.7%	16.9%	(216 bps)
Other income	279	178	57.1%
EBIT	3,401	(700)	n/m
EBIT Margin (%)	8.4%	(2.8%)	1,123 bps
Net Finance Income/(Cost)	5,136	(232)	n/m
Share of Profit/(loss) of Associates	493	(5)	n/m
Profit/(Loss) Before Tax	9,030	(937)	n/m
Profit Before Tax Margin (%)	22.3%	(3.8%)	2,607 bps
Profit/(Loss) for the period	5,918	(1,159)	n/m
Profit Margin (%)	14.6%	(4.7%)	1,930 bps
Basic Earnings Per Share (EPS):			
For the Period (Kobo)	185	(29)	n/m
Annualised Return on Equity (ROE)	38.5%	(8.3%)	4,686 bps
Annualised Return on Invested Capital (ROIC)	27.1%	(5.5%)	3,264 bps

n/m: not meaningful.

	Mar-24	Dec-23	Δ
Quick Ratio	0.7x	0.7x	(0.0x)
Current Ratio	1.2x	1.2x	0.0x
Gearing	53%	52%	134 bps
Total Assets / Equity	2.2x	2.1x	0.1x
Net Debt / EBITDA	0.9x	0.2x	0.7x
Free Cash Flow(N'm)	(798)	3,862	(4,660)

Group Performance and Financial Review:

Revenue in Q1 2024 increased 65% YoY to ₦41 billion supported by sales growth in all segments apart from Quick Service Restaurants. The comparable period last year in 2023 was impacted by constrained demand driven by reduced trading days due to the election and cash scarcity.

Gross profit increased by 177% to ₦9.1 billion. Gross profit margin expanded 911 basis points to 22.4% on account improvement in production efficiency, disciplined procurement and supply chain management particularly in the Animal Feeds segment and the Packaged Food segment, as well as effective pricing across all companies to mitigate the impact of inflation on input costs.

Operating Profit of ₦3.4 billion in Q1 2024 (Q1 2023: ₦700 million operating loss) and operating profit margin expanded 1,123 basis points to 8.4%. Improved profitability was a result of cost saving initiatives implemented which more than offset rising operating costs. **Operating expense** of ₦6 billion was 44% higher compared to Q1 2023 reflective of broader inflationary pressure as well the effect of the Naira depreciation on expenses pegged to foreign currency. The most significant increases were distribution expenses, electricity and power costs, and personnel costs driven by higher haulage rates, electricity tariffs and diesel prices, as well as cost of living adjustments for employees. In response to escalating costs, our companies implemented initiatives to improve operational efficiency which resulted in lower opex/sales ratio (216bps improvement YoY) of 14.7% in Q1 2024 from 16.9% in Q1 2023.

The Group recorded a **Net finance income** of ₦5.1 billion in Q1 2024 compared to a net finance cost of ₦232 million in Q1 2023. Finance income was positively impacted by higher cash, higher yields on investments as well as gains in the treasury portfolio. **Share of profit from associate companies** of ₦493 million, compared to ₦5 million loss in Q1 2023 driven by expansion of MDS Logistics' transport business as well as profit from UPDC PLC, our real estate business.

Profit before tax was ₦9 billion, compared to a loss before tax of ₦937 million in Q1 2023. **Total Profit for the period** was ₦5.9 billion compared to a loss after tax of ₦1.2 billion in Q1 2023. **Earnings per share** of 185 Kobo in Q1 2024 compared to 29 Kobo loss per share recorded in Q1 2023.

Annualised **Return on Equity** for Q1 2024 was 38.5%, compared to negative 8.3% in Q1 2023. Annualised **Return on Invested Capital (ROIC)** was 27.1% (Q1 2023: negative 5.5%).

Segment Performance¹

Revenue (₦m)	Q1 2024	Q1 2023	Δ % vs 2023
Animal Feeds and Other Edibles	19,694	15,101	30.4%
Paints	8,506	3,971	114.2%
Packaged Food and Beverages	12,157	5,407	124.8%
Quick Service Restaurants	819	942	(13.0%)
Earnings / (Loss) before Interest & Tax – EBIT (₦m)	Q1 2024	Q1 2023	Δ % vs 2023
Animal Feeds and Other Edibles	1,554	(832)	n/m
Paints	1,062	391	171.8%
Packaged Food and Beverages	1,128	67	1578.1%
Quick Service Restaurants	(208)	(152)	(36.6%)
Profit/ (Loss) Before Tax – PBT (₦m)	Q1 2024	Q1 2023	Δ % vs 2023
Animal Feeds and Other Edibles	462	(1,279)	n/m
Paints	1,903	576	230.1%
Packaged Food and Beverages	2,165	(6)	n/m
Quick Service Restaurants	(275)	(195)	(41.0%)

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

Revenue increased 30% YoY to ₦19.7 billion in Q1 2024 (Q1 2023: ₦15.1 billion) on account of price increases implemented in response to rising cost and volume growth in the edible oils category. The segment recorded an operating profit of ₦1.6 billion in Q1 2024 (Q1 2023: operating loss of ₦832 million). Improved performance was on account of deliberate cost saving initiatives implemented to reduce conversion and operating costs as well as price reviews. The segment recorded a ₦462 million profit before tax in Q1 2024, compared to a ₦1.3 billion loss before tax in Q1 2023, impacted by improved gross profit.

Packaged Food and Beverages

₦12.2 billion revenue, 125% higher YoY compared to ₦5.4 billion in Q1 2023 as a result of strong volume growth across all categories as well as price increases. Volume growth was supported by the launch of Kingsway roll in the snacks category. Operating profit of ₦1.1 billion in Q1 2024 compared to ₦67 million in Q1 2023 on account of improved topline performance and margin expansion. Profit before tax of ₦2.2 billion was reported in the segment compared to ₦6 million loss before tax recorded in Q1 2023.

Paints

₦8.5 billion revenue, 114% higher YoY compared to ₦3.9 billion recorded in Q1 2023 on account of increased volume across all product categories as well as price increases in response to escalating costs. Operating profit was 172% higher at ₦1.1 billion supported by topline growth. Profit before tax of ₦1.9 billion in Q1 2024, 230% compared to ₦576 million recorded in Q1 2023.

Quick Service Restaurants (QSR)

Revenue declined by 13% YoY to ₦819 million (Q1 2023: ₦942 million) and the segment recorded a ₦208 million operating loss in Q1 2024 (Q1 2023: ₦152 million loss). Performance was impacted by lower sales, raw material price increases, and higher energy costs at its corporate stores. The segment recorded a ₦275 million loss before tax in Q1 2024, compared to ₦195 million loss before tax in Q1 2023.

QSR management is working on efforts to drive profitability by implementing production cost optimisation initiatives.

Associate: Real Estate (UPDC – 42.85% ownership)

UPDC recorded 54% increase in revenue from ₦843 million in Q1 2023 to ₦1.3 billion in Q1 2024. This was driven by higher sales from property development (plots of Hampshire), facility management and also hospitality services, particularly UPDC Hotel. UPDC recorded an operating profit of ₦95 million in Q1 2024 (Q1 2023: ₦38 million operating loss). Profit before tax was ₦84 million compared to the ₦125 million loss before tax recorded in Q1 2023.

Associate: Logistics (MDS Logistics – 43% ownership)

MDS Logistics' revenue increased 34% YoY to ₦5.4 billion in Q1 2024 compared to ₦4 billion in Q1 2023, driven by the increased transport rates and mileage. Operating profit was 107% higher YoY at ₦1.5 billion (Q1 2023: ₦719 million) supported by gain realised from the disposal of non-core properties. Net finance cost decreased by 34% to ₦370 million on account of part repayment of facility taken to finance the acquisition of new transport vehicles. MDS Logistics recorded a profit before tax of ₦1.1 billion in Q1 2024 compared to ₦156 million in Q1 2023.

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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 (42.9% ownership) - a leading property development and management company quoted on NGX.

For more information visit www.uacnplc.com

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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.