



## PRESS RELEASE

Regulated information

### Financial Results for the second quarter and six months ended 30 June 2024

**30 July, 2024** – UAC of Nigeria PLC (“UAC” or the “Group”) announced its results for the period ended 30 June 2024.

#### Q2 2024 highlights

- Revenue of ₦42.7bn, 51% higher compared to Q2 2023 driven by sales growth in Packaged Food and Beverages (+129%), Edibles and Feed (+28%), and Paints (+22%) segments.
- Gross profit 80% higher at ₦9.6bn; Gross margin expanded 362 bps to 22.5% due to volume growth in the Packaged Food and Beverages segment, improved production efficiency in the Edibles and Feed segment, and price adjustments to counter the impact of inflation.
- ₦3.3bn Operating profit, 390% higher. Improved performance in Q2 2024 due to:
  - Focus on balancing volume growth with dynamic pricing to protect margins in Packaged Food segment.
  - Improved production efficiency in Edibles and Feed segment.
  - Disciplined procurement and supply chain management particularly in the Edibles and Feed segment and the Packaged Food segment
- Profit before tax was ₦5.9bn (Q2 2023: ₦4.1bn). Underlying profit before tax, adjusted for exceptional items, of ₦3.5bn compared to an underlying profit of ₦421mn in Q2 2023.

Commenting on the results, **Group Managing Director, Fola Aiyesimoju**, stated: *“In the second quarter of 2024, group revenues and operating profit grew by 51%, and 390% to ₦43 billion and ₦3.3 billion respectively. This performance was achieved against a backdrop of challenging operating conditions including record high inflation impacting input and operating expenses across all our businesses. We navigated margin pressure by balancing growing volumes profitably with a disciplined approach to pricing as well as implementing efficiency initiatives across our operating segments. Despite the backdrop, we aim to build on the strong performance recorded thus far. Our focus remains on creating shareholder value by prioritising profitable growth, simplicity, and scale.”*

#### Group Highlights

In million ₦, unless otherwise stated	Q2 2024	Q2 2023	Δ %	H1 2024	H1 2023	Δ %
<b>Revenue</b>	<b>42,696</b>	<b>28,250</b>	<b>51.1%</b>	<b>83,252</b>	<b>52,870</b>	<b>57.5%</b>
<b>Gross Profit</b>	<b>9,617</b>	<b>5,340</b>	<b>80.1%</b>	<b>18,712</b>	<b>8,619</b>	<b>117.1%</b>
<i>Gross Profit Margin (%)</i>	22.5%	18.9%	362 bps	22.5%	16.3%	617 bps
Selling and Distribution Expenses	(2,597)	(2,208)	17.6%	(5,139)	(4,177)	23.0%
Administrative Expenses	(4,228)	(2,670)	58.4%	(7,659)	(4,858)	57.7%
<b>Operating Expenses</b>	<b>(6,825)</b>	<b>(4,878)</b>	<b>39.9%</b>	<b>(12,797)</b>	<b>(9,035)</b>	<b>41.6%</b>
<i>Operating Expenses (% of revenue)</i>	16.0%	17.3%	(128 bps)	15.4%	17.1%	(172 bps)
<i>Other income</i>	465	204	128.3%	744	381	95.1%
<b>EBIT</b>	<b>3,257</b>	<b>665</b>	<b>389.8%</b>	<b>6,658</b>	<b>(35)</b>	<b>n/m</b>
<i>EBIT Margin (%)</i>	7.6%	2.4%	527 bps	8.0%	(0.1%)	806 bps
<b>Net Finance Income</b>	<b>2,680</b>	<b>2,949</b>	<b>(9.1%)</b>	<b>7,816</b>	<b>2,717</b>	<b>187.7%</b>
Share of (Loss)/Profit of Associates	(18)	486	(103.7%)	475	481	(1.2%)
<b>Profit Before Tax</b>	<b>5,920</b>	<b>4,099</b>	<b>44.4%</b>	<b>14,950</b>	<b>3,163</b>	<b>372.7%</b>
<i>Profit Before Tax Margin (%)</i>	13.9%	14.5%	(65 bps)	18.0%	6.0%	1,198 bps
<b>Profit for the period</b>	<b>3,623</b>	<b>2,387</b>	<b>51.8%</b>	<b>9,541</b>	<b>1,228</b>	<b>677.1%</b>
<i>Profit Margin (%)</i>	8.5%	8.4%	4 bps	11.5%	2.3%	914 bps
Basic Earnings Per Share (EPS):						
<i>From Continuing Operations (Kobo)</i>	119	82	45.2%	304	53	475.1%
<i>For the Period (Kobo)</i>	119	82	45.2%	304	53	475.1%
Annualised Return on Equity (ROE)				30.2%	7.2%	2,297 bps
Annualised Return on Invested Capital (ROIC)				28.2%	(0.1%)	2,837 bps

n/m: not meaningful.

	Jun-24	Dec-23	Δ
Quick Ratio	0.8x	0.7x	0.1x
Current Ratio	1.4x	1.2x	0.1x
Gearing	40%	52%	(1,129 bps)
Total Assets / Equity	2.0x	2.1x	(0.1x)
Net Debt / EBITDA	(0.9x)	0.2x	(1.1x)
Free Cash Flow(N'm)	6,280	3,862	2,418

## Group Performance and Financial Review: Q2 2024

**Revenue** in Q2 2024 increased by 51% YoY to ₦42.7 billion due to sales growth in all segments apart from Quick Service Restaurants (QSR). Packaged Food and Beverages (+129%), Edibles and Feed (+28%), and Paints (+22%).

**Gross profit** of ₦9.6 billion, increased by 80% YoY in Q2 2024. Gross profit margin expanded by 362 basis points to 22.5% on account improvement in production efficiency, disciplined procurement and supply chain management particularly in the Edibles and Feed 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** was ₦3.3 billion in Q2 2024 (Q2 2023: ₦665million). The improvement in profitability is attributable to gross profit expansion which more than offset rising operating costs. **Operating expenses** of ₦6.8 billion was 40% higher compared to Q2 2023 reflecting the impact 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 the escalating cost environment, our operating companies implemented initiatives to improve operational efficiency which resulted in lower **opex/sales ratio** (128 bps improvement YoY) of 16% in Q2 2024.

The Group recorded **Net finance income** of ₦2.7 billion in Q2 2024. Finance income of ₦4.2 billion was positively impacted by higher cash and higher yields on investments as well as gains in the treasury portfolio while Finance costs of ₦1.5 billion, was 50% higher than Q2 2023 on account of increased borrowing costs.

Share of loss from associate companies of ₦18million, compared to the share of profit of ₦486million in Q2 2023 due to higher operational costs, particularly at MDS Logistics. In Q2 2023, MDS Logistics recorded a non-recurring gain of ₦944 million from disposal of non-core properties which impacts year on year comparison. **Profit before tax** was ₦5.9 billion (+44% YoY) compared to Q2 2023 of ₦4.1 billion. **Total Profit for the period** increased by 52% in Q2 2024 to ₦3.6 billion compared to ₦2.4 billion in Q2 2023. **Earnings per share** of 119 Kobo in Q2 2024 compared to 82 Kobo recorded in Q2 2023.

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

Revenue (% and Nm)	Q2 2024	Q2 2023	Δ % vs Q2 2023	H1 2024	H1 2023	Δ % vs 2023
Edibles and Feed	19,892	15,544	28.0%	39,585	30,645	29.2%
Paints	7,107	5,806	22.4%	15,613	9,777	59.7%
Packaged Food and Beverages	15,648	6,840	128.8%	27,805	12,247	127.0%
Quick Service Restaurants	637	972	(34.4%)	1,456	1,913	(23.9%)
Earnings /(Loss) before Interest & Tax – EBIT (Nm)	Q2 2024	Q2 2023	Δ % vs Q2 2023	H1 2024	H1 2023	Δ % vs 2023
Edibles and Feed	1,332	(338)	n/m	2,886	(1,171)	n/m
Paints	569	848	(32.9%)	1,632	1,239	31.7%
Packaged Food and Beverages	1,646	528	212.0%	2,774	595	366.3%
Quick Service Restaurants	(212)	(157)	(35.2%)	(420)	(309)	(35.9%)
Profit/ (Loss) Before Tax – PBT (Nm)	Q2 2024	Q2 2023	Δ % vs Q2 2023	H1 2024	H1 2023	Δ % vs 2023
Edibles and Feed	451	(892)	(150.5%)	913	(2,171)	n/m
Paints	772	1,335	(42.2%)	2,675	1,912	39.9%
Packaged Food and Beverages	1,967	1,282	53.5%	4,132	1,275	224.0%
Quick Service Restaurants	(314)	(266)	(18.2%)	(590)	(461)	(27.9%)

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

## Edibles and Feed

Revenue increased YoY by 28% to ₦19.9 billion in Q2 2024 (Q2 2023: ₦15.5 billion) on account of price increases implemented in response to rising costs. The segment recorded an operating profit of ₦1.3 billion in Q2 2024 (Q2 2023: operating loss of ₦338 million). Improved performance was on account of increased pricing to protect margins and deliberate cost-saving initiatives implemented to reduce operating and conversion costs. The segment recorded a ₦451 million profit before tax in Q2 2024, compared to a ₦892 million loss before tax in Q2 2023, supported by improved gross profit.

## Paints

₦7.1 billion revenue, 22% higher YoY compared to ₦5.8 billion in Q2 2023 on account of increased prices across all product categories to offset the impact of rising input costs. Operating profit decreased by 33% YoY to ₦569 million due to increased operating expenses (+39% YoY). Profit before tax of ₦772 million in Q2 2024, 42% lower compared to ₦1.3 billion recorded in Q2 2023.

## Packaged Food and Beverages

Revenue increased 129% YoY to ₦15.6 billion in Q2 2024 (Q2 2023: ₦6.8 billion) due to volume growth across all product categories and price increase across all categories (snacks, water and dairies). Volume growth was supported by the launch of Kingsway roll in the snacks category. Operating profit of ₦1.6 billion in Q2 2024 (Q2 2023: ₦528 million) as a result of revenue growth and margin expansion. Profit before tax increased by 53% YoY to ₦1.9 billion in Q2 2024 (Q2 2023: ₦1.3 billion).

## Quick Service Restaurants (QSR)

Revenue declined by 34% YoY to ₦637 million in Q2 2024 (Q2 2023: ₦972 million) and the segment recorded a ₦212 million operating loss in Q2 2024 (Q2 2023: ₦157 million loss). Performance impacted by lower sales and rising operating costs. The QSR segment recorded a ₦314 million loss before tax in Q2 2024 (Q2 2023: ₦266 million loss before tax).

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

UPDC's Q2 2024 revenue of ₦1.3 billion was broadly in line with revenue recorded in Q2 2023 supported by property development sales (77% of revenue), and hospitality services (23% of revenue). UPDC recorded an operating loss of ₦24 million in Q2 2024 (Q2 2023: ₦37 million operating profit) due to increased operating expenses (+42% YoY), particularly selling and distribution expenses to drive strategic marketing, as well as expenses related to the running of UPDC Hotel. UPDC recorded a loss before tax for Q2 2024 of ₦12 million (Q2 2023: ₦17 million loss before tax).

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

MDS Logistics' revenue increased 35% YoY to ₦5.6 billion in Q2 2024 compared to ₦4.1 billion in Q2 2023, driven by increased rates and mileage. Operating profit was 76% lower YoY at ₦437 million (Q2 2023: ₦1.8 billion) as a result of increased operating costs (+82% YoY). Also, in the same period last year, MDS Logistics benefited from a one-time gain of ₦944 million from property sales, which significantly affects the year on year comparison. Net finance cost decreased by 33% to ₦389 million due to the repayment of bank facility taken to finance the acquisition of new transport vehicles. The company recorded a profit before tax of ₦48 million in Q2 2024 (Q2 2023 ₦1.2 billion profit before tax).

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## About UAC

UAC of Nigeria PLC (UAC) is a holding company with subsidiary and associate companies operating in the Edibles and Feed; 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

#### Edibles and Feed

- 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](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.