



PRESS RELEASE

Regulated information

Financial Results for the fourth quarter and year ended 31 December 2023

30 January 2024 – UAC of Nigeria PLC (“UAC” or the “Group”) unaudited results for the year ended 31 December 2023.

FY 2023 Highlights

- ₦119bn revenue, 9% 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%).
- ₦21.8bn gross profit, 53% higher. Gross margin expanded 536 bps to 18.4% 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 ₦12.7bn. Underlying profit before tax, adjusted for exceptional items, of ₦1.7bn compared to loss before tax of ₦4.4bn recorded in 2022.
- Earnings per share of 276 kobo (2022: -107 kobo).
- ₦25.3bn cash and cash equivalents, 57% 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 ₦2.9bn from a loss of ₦144mn in 2022 to a profit of ₦2.7bn 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 ₦259mn in Q4 2023. Our focus in 2024 will be on sustaining and improving performance across our businesses.”*

Group Highlights

In million ₦, unless otherwise stated	Q4 2023	Q4 2022	Δ %	2023	2022	Δ %
Revenue	37,154	31,466	18.1%	118,681	109,270	8.6%
Gross Profit	7,683	1,918	300.5%	21,821	14,237	53.3%
Gross Profit Margin (%)	20.7%	6.1%	1,458 bps	18.4%	13.0%	536 bps
Selling and Distribution Expenses	(2,231)	(2,311)	(3.4%)	(8,776)	(8,507)	3.2%
Administrative Expenses	(3,686)	(2,323)	58.7%	(11,332)	(8,805)	28.7%
Operating Expenses	(5,917)	(4,634)	27.7%	(20,108)	(17,312)	16.1%
Operating Expenses (% of revenue)	15.9%	14.7%	120 bps	16.9%	15.8%	110 bps
Other income	261	(427)	(161.0%)	7,413	691	972.6%
EBIT	2,027	(3,142)	n/m	9,126	(2,384)	n/m
EBIT Margin (%)	5.5%	(10.0%)	1,544 bps	7.7%	(2.2%)	987 bps
Net Finance (Cost)/Income	794	(269)	n/m	2,673	(2,085)	n/m
Share of Profit from associates	235	142	65.6%	860	103	731.0%
Profit/(Loss) Before Tax	3,056	(3,270)	n/m	12,659	(4,365)	n/m
Profit Before Tax Margin (%)	8.2%	(10.4%)	1,862 bps	10.7%	(4.0%)	1,466 bps
Profit/(Loss) After Tax From Continuing Operations	1,093	(2,017)	n/m	7,803	(4,000)	n/m
Profit/(Loss) After Tax from Discontinued Operations	-	32	n/m	-	7	n/m
Profit/(Loss) for the period	1,093	(1,984)	n/m	7,803	(3,993)	n/m
Profit Margin (%)	2.9%	(6.3%)	925 bps	6.6%	(3.7%)	1,023 bps
Basic Earnings Per Share (EPS):						
From Continuing Operations (Kobo)	30	(61)	n/m	276	(107)	n/m
From Discontinued Operations (Kobo)	-	1	n/m	-	-	n/m
For the Period (Kobo)	30	(60)	n/m	276	(107)	n/m
Annualised Return on Equity (ROE)				16.2%	(7.3%)	2,353 bps
Annualised Return on Invested Capital (ROIC)				20.3%	(4.9%)	2,517 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%	1,013 bps
Total Assets / Equity	2.2x	2.1x	0.1x
Net Debt / EBITDA	0.1x	3.5x	(3.4x)
Free Cash Flow	4,868	9,578	(4,711)

Group Performance and Financial Review: FY 2023

Revenue in 2023 increased 9% year on year (“YoY”) to ₦119 billion supported by revenue growth in all segments. Paints segment (+24.2% YoY) on account of price increases and positive impact of growth strategy on volumes; Packaged Food and Beverages segment (+23.1% 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 53% YoY to ₦21.8 billion and gross profit margin expanded by 536 basis points to 18.4%. Margin improvement was largely on account of topline growth in all segment 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 ₦2.6bn.** Operating profit margin expanded 987 bps to 7.7%. **Operating expenses** as a percentage of sales increased 110 bps YoY to 16.9%. Operating expense of ₦20bn was 16.1% 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 a **Net finance income** of ₦2.7 billion in 2023 compared to the Net finance cost of ₦2.1 billion recorded in 2022. Finance income was positively impacted by higher cash from disposal of non-core assets as well as gains in the treasury portfolio recorded during the year.

Share of profit from associate companies was ₦860million, compared to ₦103 million in 2022 driven expansion of MDS’ transport business. **Profit before tax** was ₦12.7 billion, compared to the loss before tax of ₦4.4 billion recorded in FY 2021. Underlying PBT, adjusted for exceptional items was ₦1.7bn. **Total profit for the period** was ₦7.8 billion in 2023 impacted by tax expense of ₦4.9 billion, compared to Loss after tax of ₦4 billion in 2022.

Earnings per share was 276 kobo in 2023 compared to 107 Kobo loss per share recorded in 2022.

Free Cash Flow for the period was ₦4.9 billion in 2023 compared with ₦9.6 billion in 2022, due to increased inventory and receivables in 2023. **Return on Equity** from continuing operations at for 2023 was 16.2%, compared to a negative 7.3% in 2022. **Return on Invested Capital (ROIC)** was 2,517 bps at a 20.3% (2022: negative 4.9%).

Group Performance and Financial Review: Q4 2023

Revenue in Q4 2023 increased by 18% YoY to ₦37.2 billion from ₦31.5bn in Q4 2022. All operating segments recorded revenue growth: Packaged Food and Beverages (+79%), Paints (+40%), Animal Feeds (+2.4%), and QSR (+0.7%).

Gross profit of ₦7.7 billion was 300% higher compared to ₦1.9 billion in Q4 2022. Gross profit margin of 20.7% (+ 1,458 bps improvement) reflects the net impact of the price increases implemented in prior quarters to mitigate the impact of inflation, impact of growth strategy on volumes as well as conversion cost-saving initiatives in the Animal Feeds segment.

Operating profit of ₦2 billion in Q4 2023 compared to ₦3.1 billion operating loss recorded in Q4 2022. Operating expenses increased by 27.7% YoY to ₦5.9 billion from ₦4.6 billion in Q4 2022, reflective of broader inflationary pressures. As a result, opex/sales ratio increased 120bps YoY from 14.7% in Q4 2022 to 15.9% in Q4 2023.

The Group recorded a **Net finance income** of ₦794 million in Q4 2023 compared to the Net finance cost of ₦269 million recorded in Q4 2022. **Share of profit from associate companies** increased to ₦235 million from ₦142 million reported in Q4 2022 reflecting the improved performance at MDS Logistics Limited.

Profit before tax of ₦3.1 billion (Q4 2022 Loss before tax: ₦3.3 billion). **Excluding exceptional items profit before tax was ₦2 billion.** **Total profit** for the quarter was ₦1.1 billion compared to ₦2 billion loss after tax in Q4 2022. **EPS** was 30 Kobo in Q4 2023 (Q4 2022: LPS 60 Kobo).

Segment Performance¹

Revenue (% and ₦m)	Q4 2023	Q4 2022	Δ % vs Q4 2022	2023	2022	Δ % vs 2022
Animal Feeds and Other Edibles	20,950	20,458	2.4%	66,942	65,939	1.5%
Paints	8,600	6,148	39.9%	23,863	19,208	24.2%
Packaged Food and Beverages	9,162	5,125	78.8%	28,723	23,341	23.1%
Quick Service Restaurants	938	931	0.7%	3,715	3,075	20.8%
Earnings /(Loss) before Interest & Tax – EBIT (₦m)	Q4 2023	Q4 2022	Δ % vs Q4 2022	2023	2022	Δ % vs 2022
Animal Feeds and Other Edibles	1,067	(2,681)	n/m	(154)	(4,389)	(96.5%)
Paints	1,589	1,215	30.8%	3,254	3,096	5.1%
Packaged Food and Beverages	365	(596)	n/m	1,448	(61)	n/m
Quick Service Restaurants	(121)	(173)	29.9%	(579)	(608)	4.8%
Profit/ (Loss) Before Tax – PBT (₦m)	Q4 2023	Q4 2022	Δ % vs Q4 2022	2023	2022	Δ % vs 2022
Animal Feeds and Other Edibles	259	(3,493)	(107.4%)	(2,517)	(6,863)	(63.3%)
Paints	1,408	1,492	(5.6%)	3,734	3,444	8.4%
Packaged Food and Beverages	945	(621)	n/m	2,710	(144)	n/m
Quick Service Restaurants	(220)	(267)	17.6%	(912)	(814)	(12.1%)

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

FY 2023

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 ₦154 million in 2023 (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 2023 compared to a ₦6.9 billion Loss before tax in 2022, impacted by finance cost, incurred to support working capital, of ₦2.4 billion during the period.

Q4 2023

Revenue increased 2.4% YoY to ₦21 billion in Q4 2023 (Q4 2022: ₦20.5 billion) on account of increased prices in response to escalating costs of raw materials. Operating profit of ₦1.1 billion was recorded in Q4 2023, signifying a positive turnaround from Q4 2022 operating loss of ₦2.7 billion. This was on account of operational and production efficiency, increased revenue and ₦338 million decline in operating expenses. The segment recorded a ₦259 million Profit before tax in Q4 2023 compared to the ₦3.5 billion loss before tax recorded in Q4 2022. Management efforts are focused on maintaining the improved profitability trend of the segment which commenced in the last quarter.

Paints

FY 2023

Revenue growth of 24.2% YoY to ₦23.9 billion in 2023 (2022: ₦19.2 billion) supported by mix of volume growth and price increases. Operating profit was 5.1% higher at ₦3.3 billion supported by topline growth despite the recorded 30% increase in operating expense. Profit before Tax was ₦3.7 billion in 2023, 8.4% higher than the ₦3.4 billion recorded in 2022.

Q4 2023

Revenue increased by 39.9% YoY to ₦8.6 billion in Q4 2023 (Q4 2022: ₦6.1 billion), driven by price increases implemented during the year and impact of growth strategy on volumes in Q4 2023. Operating profit was 31% higher YoY at ₦1.6 billion compared to Q4 2022 (₦1.2 billion) on account of increased revenue which more than offsets increase in operating costs. Profit before tax was ₦1.4 billion in Q4 2023, a decline of 5.6% from ₦1.5 billion recorded in Q4 2022.

Packaged Food and Beverages

FY 2023

Revenue increased 23.1% 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 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 decreased to ₦2.7 billion compared to a loss before tax of ₦144 million in 2022.

Q4 2023

Revenue increased by 79% YoY to ₦9.2 billion in Q4 2023 (Q4 2022: ₦5.1 billion) driven by significant volume growth. Operating profit was ₦365 million compared to operating loss of ₦596 million in Q4 2022 supported by strong sales growth, lower conversion cost as a result of strategic management initiatives to improve operational efficiency, as well as cost optimisation measures to limit the impact of inflation on operating costs. Profit before tax was ₦945 million in Q4 2023 compared to loss before tax of ₦621 million recorded in Q4 2022.

Quick Service Restaurants (QSR)

FY 2023

Revenue increased 20.8% YoY to ₦3.7 billion in 2023 (2022: ₦3.1 billion) driven by growth in sales of company-owned restaurants (corporate stores). The segment recorded a ₦579 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 ₦912 million 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.

Q4 2023

Revenue increased by 1% YoY to ₦938 million in Q4 2023 (Q4 2022: ₦931 million) driven by increased prices in response to increased costs. The segment recorded a moderate improvement in performance, with operating loss YoY of ₦121 million compared to the ₦173 million loss operating loss recorded in Q4 2022. This is reflective of management's deliberate efforts to enhance operational efficiency. The QSR segment recorded a ₦220 million loss before tax in Q4 2023 (Q4 2022: ₦267 million loss before tax).

Associate: Real Estate (UPDC – 42.85% ownership)

UPDC's 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 an 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 2022.

Associate: Logistics (MDS Logistics – 43% ownership)

MDS Logistics' revenue increased 61% YoY to ₦17.7 billion in 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, and gains from the sale of non-core assets but negatively impacted 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 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)

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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

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.