
UAC of Nigeria PLC

FY 2023 Results

04 April 2024

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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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Introduction



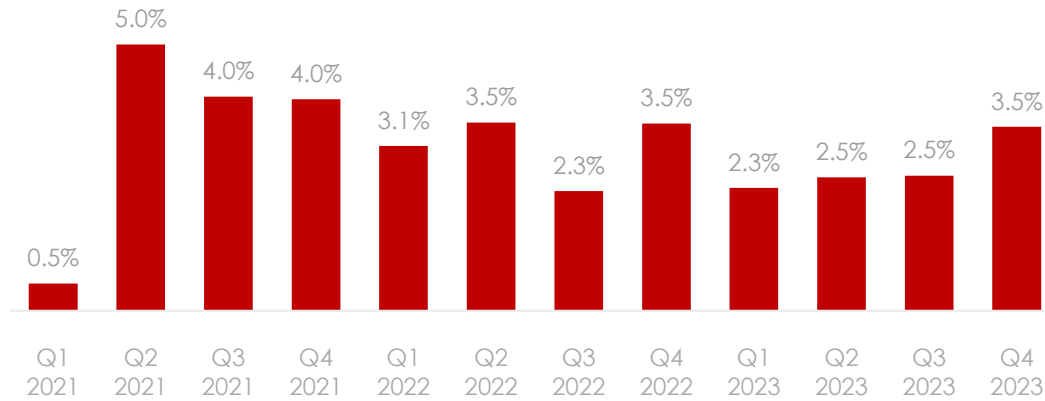
- UAC of Nigeria PLC (“UAC”) recorded revenue of ₦121 billion and Profit Before Tax of ₦12.3 billion for the 2023 financial year
- In this presentation we will cover
 - Operating conditions
 - Initiatives executed in 2023
 - Insights on 2023 financial performance
 - Outlook for 2024
- Performance in 2023 was much stronger than 2022 on account of the following:
 - Efforts to strengthen management and improve operations
 - Risk management
 - Capital allocation decisions

Operating Context

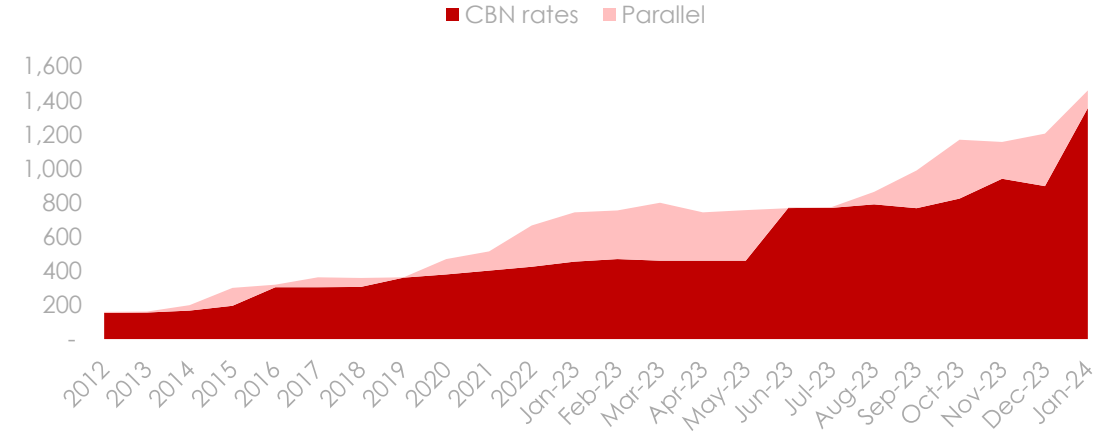


Macroeconomic conditions in 2023 were very difficult, with low growth, record inflation, high interest rates, and naira devaluation

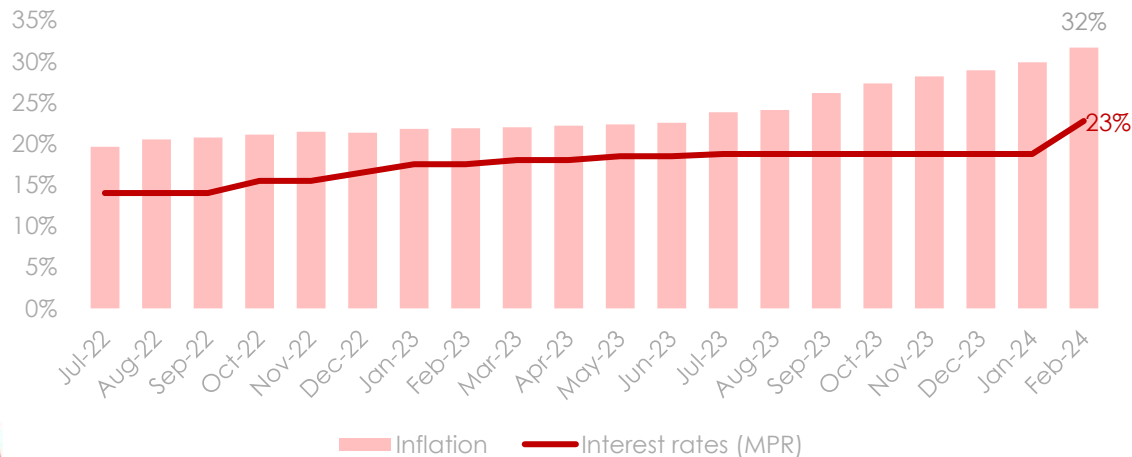
Real GDP Growth



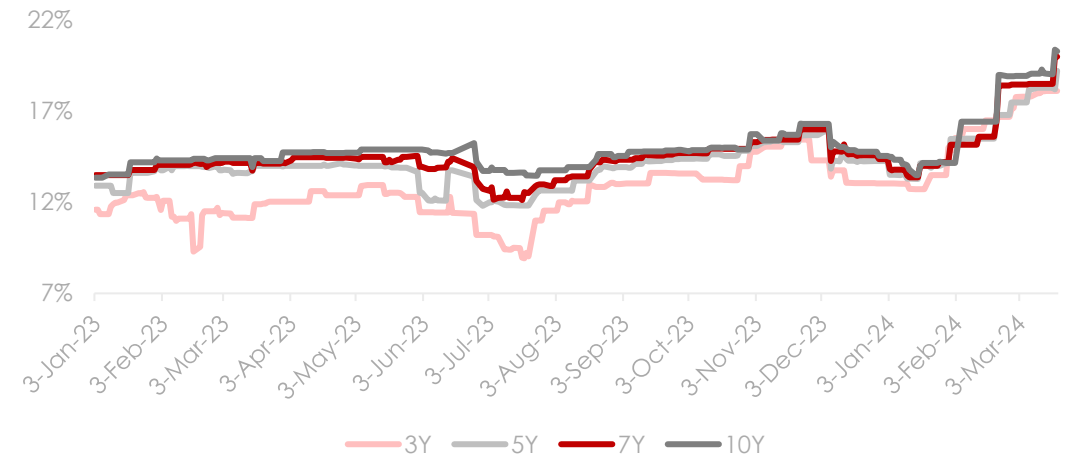
Exchange Rate ₦:\$



Inflation (%)



Secondary Market Bond Yields (%)

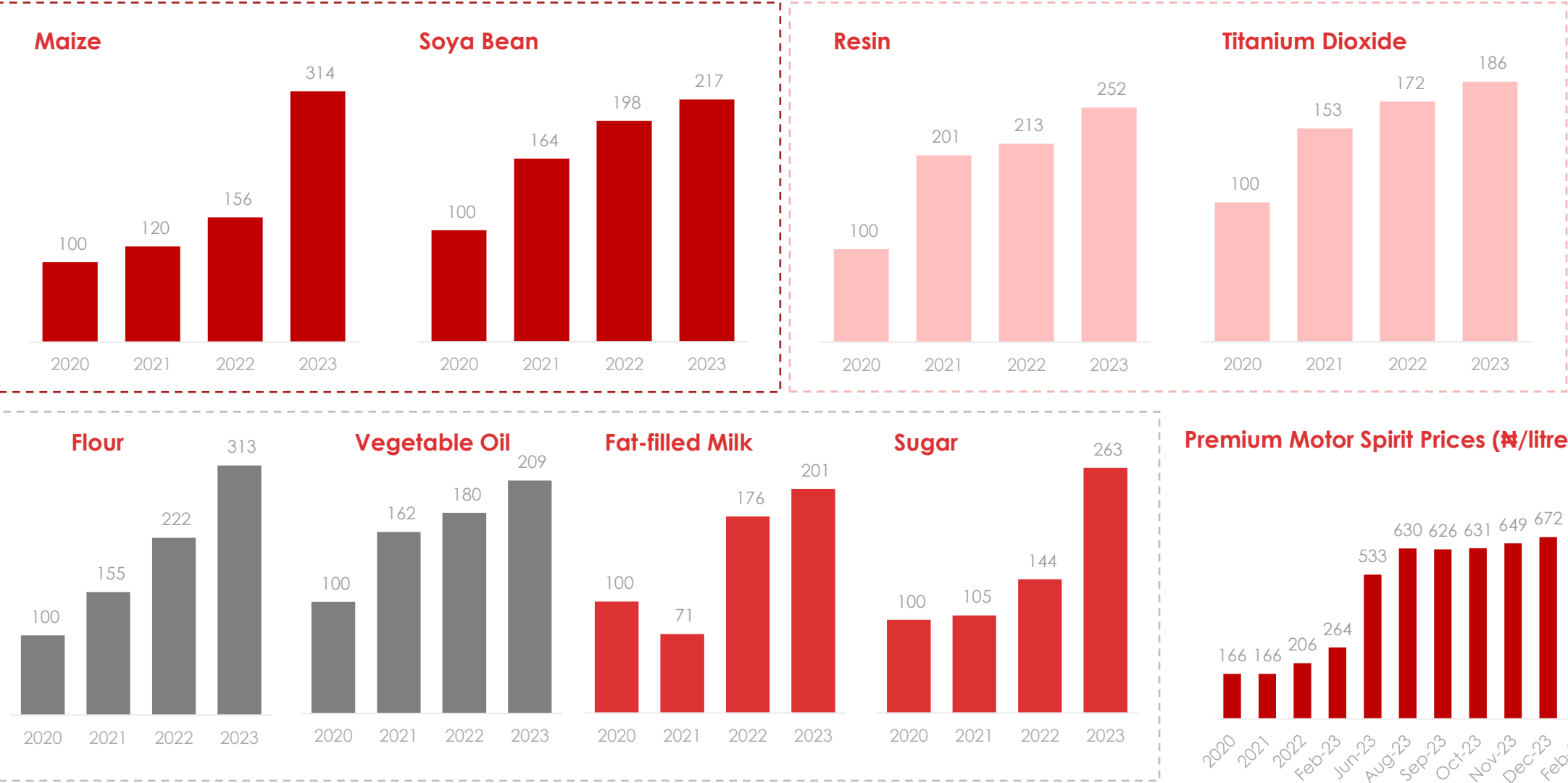


Source: CBN, NBS, Stanbic IBTC, Nigeria Galleria, Cap IQ.

Escalation of key input and operating costs continued in 2023

- Animal Feed
- Paints
- Food

¥/Kg



2023 Highlights



We executed the following strategic objectives in 2023

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Simplified Group Structure

- In line with our objective to simplify the group structure, we merged UAC Foods (100% owned by UACN) and Spring Waters Nigeria Limited (SWAN) (96.64% owned by UAC Foods), effective August 2023.
- UACN now owns 99.96% in the enlarged company, called UAC Foods.

Unlocked Significant Liquidity

- ₦9.2bn liquidity unlocked from the sale of low-yielding non-core assets. This provides capital flexibility and source of liquidity for reinvestment in our core operating businesses.

Improved Governance and Leadership

- In line with our objective to align the board composition of our portfolio companies with ownership, UACN's Group Managing Director was appointed Chairman of the Boards of Directors of the following subsidiary companies:
 - UAC Foods Limited (13 March), Chemical and Allied Products PLC (15 June), UAC Restaurants Limited (1 July), and Grand Cereals Limited (26 July).

Strategic Talent Acquisition

- To address key talent gaps at the Holding Company, Debola Badejo (former Managing Director of UAC Restaurants) was appointed Group Investment Director at UACN with responsibility for acquisitions and divestments.
- Oluyemi Oloyede, a seasoned branded consumer goods executive, was appointed Managing Director of UAC Foods Limited in March 2023. He is a First-Class Mathematics graduate with prior leadership experience at Procter & Gamble, Kellogg, and Kerry Group.
- In September 2023, Ufuoma Ogeleka, a certified Brand Innovator known for her demonstrated proficiency in driving organizational growth assumed the role of General Manager at UAC Restaurants Limited. She has over 12 years of experience occupying numerous key positions within Nigeria's Hospitality and FMCG sectors.



Core to UAC's strength are its leading brands and distribution...

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Packaged Food and Beverages



Brands



Reach/ Monthly Sales

- National distribution coverage
- 35 million units of snacks, water and dairy sold

Paints



- 108 retail outlets
- 800 thousand litres of paint

Quick Service Restaurants



- 60 restaurants across Nigeria
- 650 thousand unique transactions

Animal Feeds and Other Edibles



- 5 production facilities providing national coverage
- 30 thousand metric tonnes output

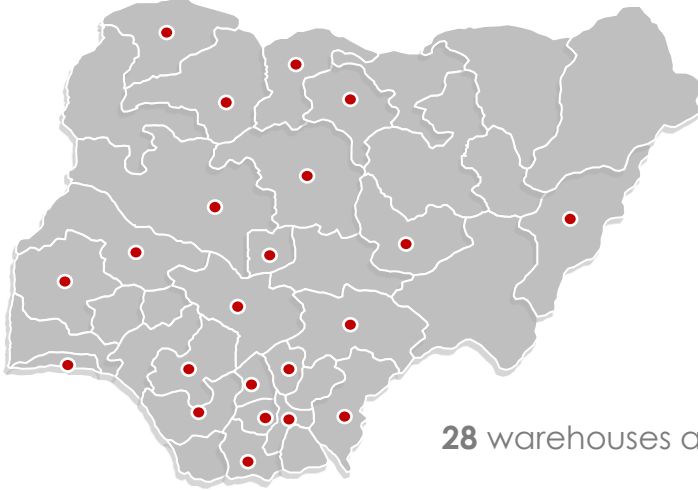


Kingsway Pastry Roll launched in 2023

With meaningful manufacturing presence supporting nationwide distribution

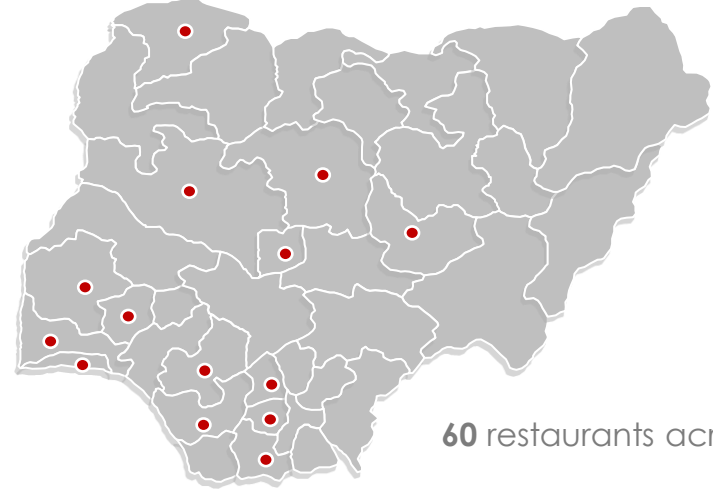
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- **Logistics – Warehouse Footprint**



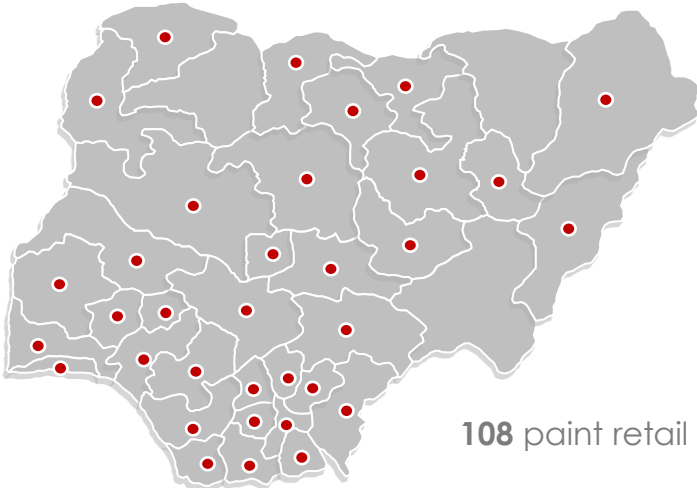
28 warehouses across 22 states

- **Quick Service Restaurants (QSR) Outlets**



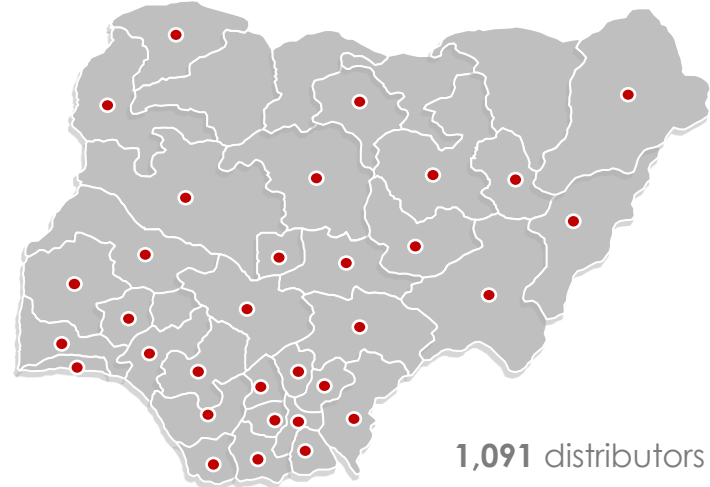
60 restaurants across 14 states

- **Paint Retail Stores**



108 paint retail stores across 34 states

- **Food and Agro-Allied Distributors**

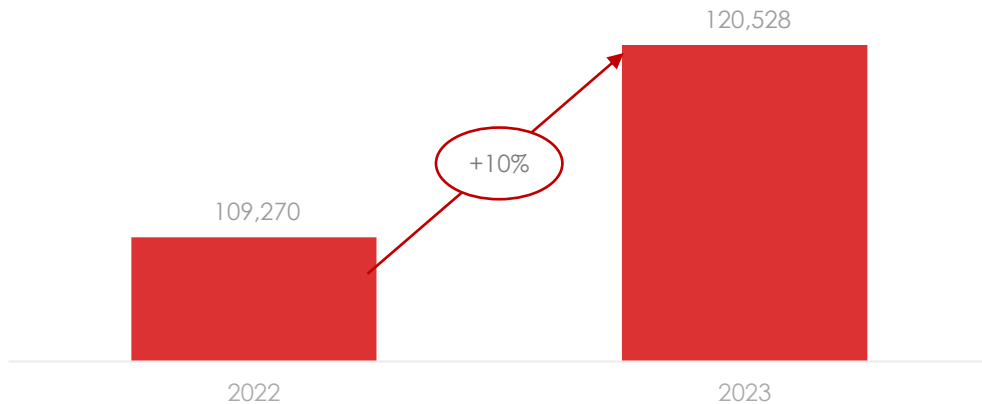


1,091 distributors across 32 states

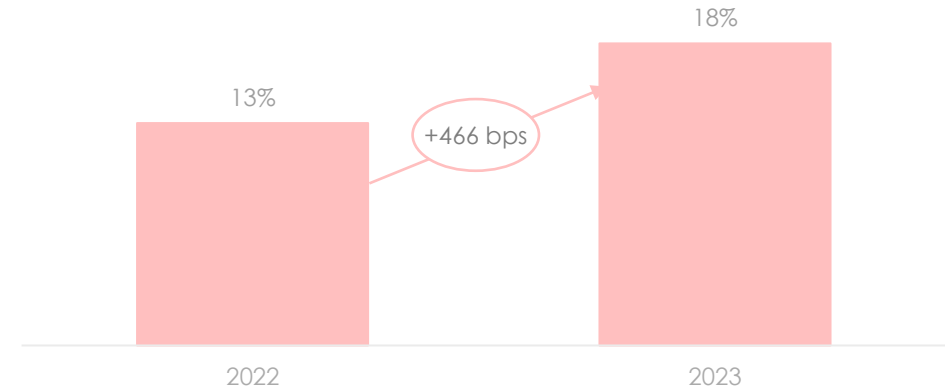
Growth and Margin Improvement – FY 2023

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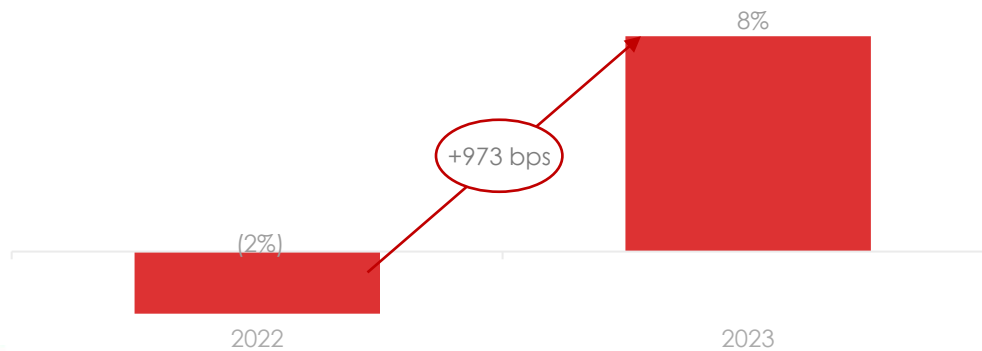
Revenue (₦'mn)



Gross margin (%)



Operating margin (%)



Commentary

- H1 2023 performance was impacted by Naira redesign induced cash shortage in Q1 2023.
- Performance in H2 2023 was much stronger than the first half of the year due to:
 - 18% revenue growth within the Group
 - 951 bps increase in gross margins
 - 2,047 bps increase in operating margins
- Strong performance was recorded across key business segments.

Segment performance highlights

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Animal Feeds & Other Edibles

- Enhanced profit driven by cost management initiatives and proactive pricing.
- Focus on maintaining improved profitability trend by improving product quality and reducing energy costs.

Packaged Food & Beverages

- Profitability driven by sales growth and lower conversion costs. Launched Kingsway pastry roll
- Operational efficiency initiatives and cost control measures limited impact of high distribution and energy costs.
- Focus on driving growth, proactive pricing, and prioritise locations with attractive cost to serve.

Paints

- Volume growth despite significant price increases across all product lines to partially offset cost escalation.
- Operating margin compression impacted by investment for growth.
- Focus on optimizing working capital, reducing import dependency, deepening retail penetration, and expanding product range.

QSR

- Topline growth driven by a strategic shift to a Corporate store model from a 100% Franchise store model.
- Operating loss reflective of the impact of escalating costs and the impact of food inflation on input costs.
- Focus on cost reduction, particularly energy and power costs, and overhead costs.

Logistics

Associate

- Revenue driven by rate reviews and expansion of transport operations as well as growth in warehouse business.
- Gross margin expansion and effective cost management amidst higher cost environment.
- Profitability supported by disposal of non-core assets.

Real Estate

Associate

- Profit before tax of ₦352 million.
- Increasing focus on high internal rate of return residential build and sell.
- Building attractive land portfolio to support future growth and expansion.



Mr Bigg's
ALWAYS GOOD

FY 2023 Financial Performance

**Start Your
Day Right**

**Enjoy
Lip Smacking
Meals**

Mr Bigg's
ALWAYS GOOD

**Enjoy
Lip Smacking
Meals**

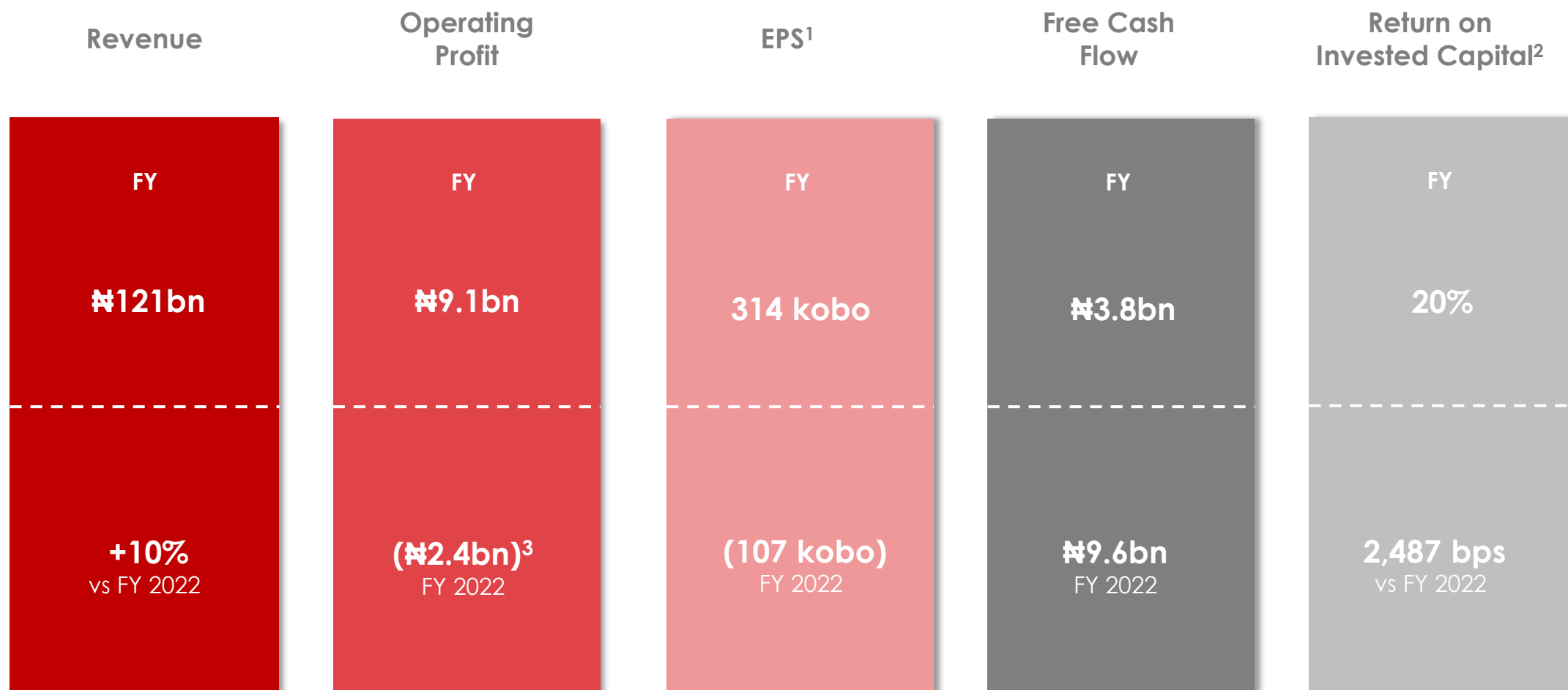


OPENING HOUR
6-45AM



2023 financial highlights

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(1) Earnings per share from continuing operations

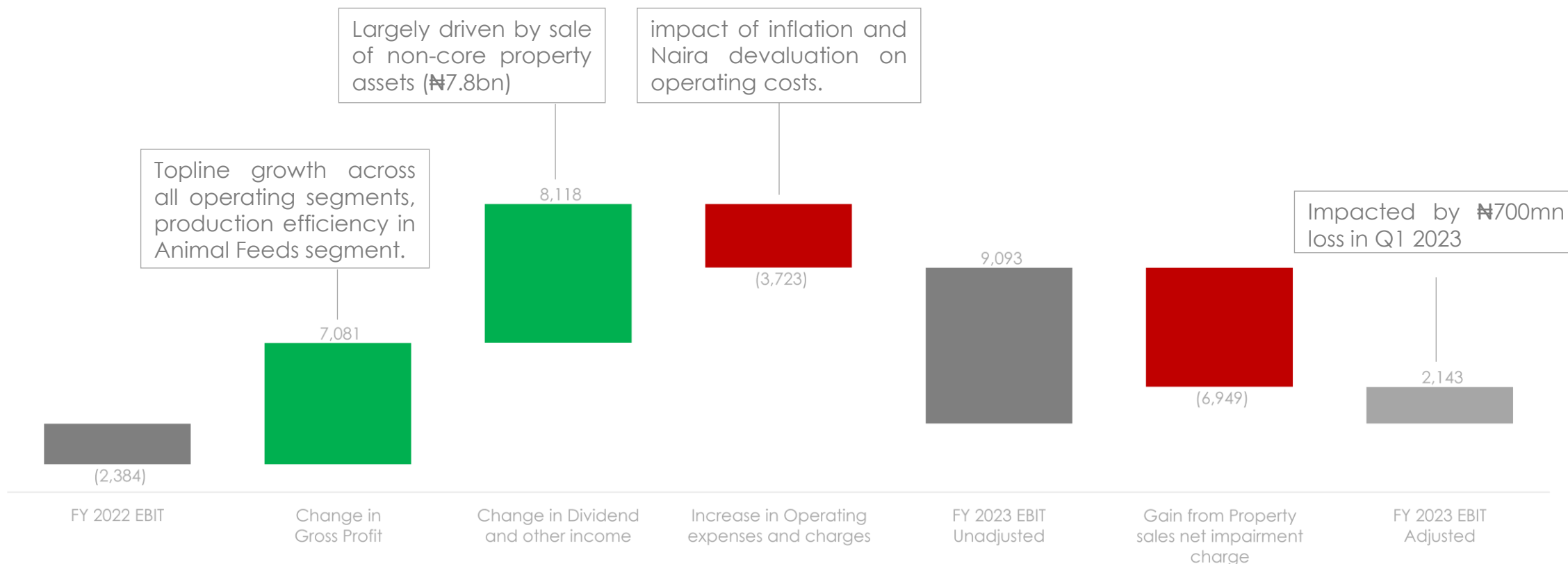
(2) Invested capital (denominator) used for ROIC calculation excludes cash and cash equivalents, and investment in debt securities. The numerator (NOPAT) used was operating profit after tax

(3) Prior year Operating Loss ₦2.4bn vs FY 2023 Operating Profit of ₦9.1bn

Key factors impacting UAC Group's underlying operating profit

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Operating Profit Bridge, in ₦ mn (FY 2022 to FY 2023)



Balance sheet and liquidity

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Net Assets

₦53.2bn

+₦7.9bn
vs Dec 2022

Net Debt/(Cash)

₦2.2bn

(₦2.8bn)
Dec 2022

Capex

₦4.7bn

₦7.1bn
Dec 2022

Cash Cycle

83 days

74 days
Dec 2022

Outlook



Corporate action: ₦644 million dividend to UAC shareholders

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FY 2023 Dividend

(₦644 million)

- Total dividend of 22 kobo per ordinary share (₦644 million)
- Qualification date: June 6, 2024
- Register of shareholders will be closed from June 7, 2024, to June 13, 2024 (both dates inclusive)
- Annual General Meeting date: June 20, 2024
- Cash Dividend Payment Date: June 21, 2024



- We expect challenging macroeconomic conditions to continue over the course of 2024 and will focus on steering our businesses through these challenges.
- We anticipate margin pressure on account of the lag between rising input costs and passing these on to the already stressed consumer via price increases.
- We will implement initiatives to alleviate the challenges faced by our employees, and continue to seek operating efficiencies to manage rising costs.
- We aim to focus on the following priorities
 - Performance: Maintain profitability of our operating businesses.
 - Structure: Continued focus on simplicity.
 - Efficiency: Sharp focus on reducing conversion and operating costs.
 - People: Attract and retain the strongest possible management teams.

Questions & Answers

For further information please contact

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Appendix 1

Additional financial information



Income statement – FY 2023

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₹ mn, unless otherwise stated	FY 2023	FY 2022	Δ%
Revenue	120,528	109,270	10%
Gross Profit	21,319	14,237	50%
Gross Profit Margin (%)	18%	13%	466 bps
Operating Profit	9,093	(2,384)	n/m
Operating Profit Margin (%)	8%	(2%)	973 bps
Net Finance Income	2,388	(2,085)	n/m
Share of Profit/(Loss) of Associates and JVs	860	103	731%
Profit Before Tax	12,340	(4,365)	n/m
Tax expense	(3,432)	366	n/m
Profit After Tax from Continuing Operations	8,903	(4,000)	n/m
Profit after Tax from Discontinued Operations	-	7	n/m
Profit/(Loss) for the period	8,903	(3,993)	n/m
Basic Earnings Per Share For the Period	314	(107)	n/m
ROIC	20%	(5%)	2,487 bps

2023 financial performance

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In Naira Millions	H1 2023	H1 2022	% Change	H2 2023	H2 2022	% Change	FY 2023	FY 2022	% Change
Revenue	52,870	52,042	2%	67,658	57,228	18%	120,528	109,270	10%
COGS	(44,252)	(43,105)	3%	(54,958)	(51,928)	6%	(99,210)	(95,033)	4%
Gross Profit	8,619	8,937	(4%)	12,700	5,300	140%	21,319	14,237	50%
Gross Profit Margin	16%	17%	(87 bps)	19%	9%	951 bps	18%	13%	466 bps
Operating Expense	(9,035)	(7,961)	13%	(11,199)	(9,352)	20%	(20,234)	(17,312)	17%
Other Income	381	634	(40%)	7,627	57	n/m	8,008	691	1059%
Opex/Sales	17%	15%	179 bps	17%	16%	21 bps	17%	16%	94 bps
EBIT	(35)	1,611	n/m	9,128	(3,995)	n/m	9,093	(2,384)	n/m
EBIT Margin	(0%)	3%	(316 bps)	13%	(7%)	2,047 bps	8%	(2%)	973 bps
Net Finance Income/(Cost)	2,717	(1,540)	n/m	(329)	(545)	(40%)	2,388	(2,085)	n/m
Share of Profit/(Loss) from Associates	481	(58)	n/m	379	162	134%	860	103	731%
Profit before tax	3,163	12	n/m	9,177	(4,378)	n/m	12,340	(4,365)	n/m
PBT Margin	6%	0%	596 bps	14%	(8%)	2,121 bps	10%	(4%)	1,423 bps



Financial Position – 31 December 2023

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Summary Balance Sheet

N mn	Dec-23	Dec-22	Δ%
Non-current Assets	48,348	45,994	5%
Current Assets	63,467	47,292	34%
Other Assets	531	542	(2%)
Total Assets	112,345	93,828	20%
Long term debt	2,460	2,467	(0%)
Short term debt	24,989	16,537	51%
Other Liabilities	31,715	29,543	7%
Total Liabilities	59,164	48,547	22%
Net Asset Value	53,182	45,280	17%

Cash/ Leverage FY 2023

N mn	Cash	Debt	Net Debt/ (Cash)	Lev. Ratio	EBITDA
Group	25,270	27,449	2,179	0.24x	9,093
HoldCo	15,841	3,323	(12,518)	n.m.	6,706
Animal Feeds & Other Edibles	1,322	22,694	21,372	24.52x	872
Paints	4,996	40	(4,957)	n.m.	3,599
Packaged Food & Beverages	2,838	-	(2,838)	n.m.	3,131
QSR	255	2,632	2,377	n.m.	(489)

Working Capital

N mn	Dec-23	Dec-22	Δ%
Inventory	26,917	24,396	10%
Trade Receivables	1,280	1,562	(18%)
Trade Payables	5,535	6,480	(15%)
Net Working Capital	22,662	19,479	16%
Inventory Days	99	94	6%
Receivable Days	4	5	(26%)
Payable Days	20	25	(18%)
Net Working Capital Days	83	74	11%

Capex FY 2023

N mn	CAPEX	Depreciation	CAPEX / Depreciation
Group	4,653	3,950	1.18x
HoldCo	221	169	1.31x
Animal Feeds & Other Edibles	969	1,050	0.92x
Paints	721	498	1.45x
Packaged Food & Beverages	2,525	1,752	1.44x
QSR	217	468	0.46x

(1) Net Working Capital calculated as Inventory plus Receivables minus Trade payables;

(2) Debt includes intercompany loans;

(3) Leverage ratio calculated as Net debt / EBITDA; where EBITDA is Operating profit plus depreciation and amortization;



Segment Performance Snapshot – FY 2023

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Revenue

N mn	FY 2023	FY 2022	Δ%
Group	120,528	109,270	10%
Animal Feeds & Other Edibles	66,942	65,939	2%
Paints	23,890	19,208	24%
Packaged Food & Beverages	28,705	23,341	23%
Quick Service Restaurants	3,715	3,075	21%
Associate: Logistics	17,655	10,936	61%
Associate: Real estate	5,114	5,897	(13%)

Operating Margins

	FY 2023	FY 2022	Δ%
Group	8%	(2%)	973 bps
Animal Feeds & Other Edibles	(0%)	(7%)	677 bps
Paints	14%	16%	(238 bps)
Packaged Food & Beverages	5%	(0%)	506 bps
Quick Service Restaurants	(26%)	(20%)	575 bps
Associate: Logistics	21%	10%	1,114 bps
Associate: Real Estate	11%	12%	(90 bps)

Profit Before Tax

N mn	FY 2023	FY 2022	Δ%
Group	12,340	(4,365)	(383%)
Animal Feeds & Other Edibles	(2,452)	(6,863)	(64%)
Paints	3,779	3,444	10%
Packaged Food & Beverages	2,230	(144)	(1650%)
Quick Service Restaurants	(1,247)	(814)	53%
Associate: Logistics	1,801	284	534%
Associate: Real estate	352	331	6%

Return on Invested Capital

	FY 2023	FY 2022	Δ%
Group	20%	(5%)	2,487 bps
Animal Feeds & Other Edibles	0%	(31%)	3,084 bps
Paints	63%	66%	(317 bps)
Packaged Food & Beverages	11%	(1%)	1,161 bps
Quick Service Restaurants	(96%)	(23%)	(7,314 bps)
Associate: Logistics	18%	10%	787 bps
Associate: Real Estate	4%	5%	(40 bps)



Net Debt Position

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Net (Debt)/Cash Position as at 31 Dec 2023 (in ₦ mn)

	Cash & Cash Equivalents	Short-Term Debt	Long-Term Debt	Net Debt (excl. Intra- Group)	Intra-Group Payable	Net Debt (incl. Intra-Group)
UAC HoldCo	15,841	(3,323)	-	12,518	4,795	17,312
Other Operating Segments	9,429	(21,666)	(2,460)	(14,697)	(4,795)	(19,491)
Total	25,270	(24,989)	(2,460)	(2,179)	-	(2,179)



Cash Flow

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PBT to Free Cash Flow

₹ mn, unless otherwise stated	FY 2023	FY 2022
Profit/(loss) Before Tax from continuing operations	12,340	(4,365)
Profit/(Loss) before tax from discontinued operations	-	7
Non-Cash charges	(3,215)	6,081
Changes in working capital	(8,137)	16,026
<i>of which receivables</i>	(5,465)	2,282
<i>of which inventory</i>	(2,909)	11,665
<i>of which payables</i>	336	2,261
<i>of which other working capital items</i>	(98)	(183)
Net cash from operations	988	17,747
Cash taxes	(1,893)	(1,116)
Net cash flow generated from operating activities	(905)	16,631
Net CAPEX	4,768	(7,053)
Free Cash Flow	3,862	9,578

