



Earnings Update: UAC of NIG. PLC Q2-2021

Revenue Growth almost Neutralized by Cost Pressure

29 July 2021

WHAT WE LIKE ABOUT THE RESULT

1. Growth in Revenue was driven by continued strength in Animal Feeds & Other Edibles business (57.5%) and rising demands in Packaged Food & Beverages business (25.6%) compared to same period last year.
2. The Total Revenue for Q2-2021 valued at ₦24.4 billion represents a 43.3% y/y improvement over the ₦17.1 billion reported in Q2-2020.
3. Gross Profit moved north by 56.3% over the comparable period at ₦4.3 billion up from ₦2.8 billion, even as Gross Profit Margin increased by 17.6%.
4. Finance Income grew rapidly in the period under review, increasing by 77.9% to ₦303.7 billion, compared to ₦170.8 billion in the corresponding year.

WHAT WE DID NOT LIKE ABOUT THE RESULT

1. Operating Expenses increased by 21.9% y/y to ₦3.9 billion in Q2-2021 from ₦3.3 billion within the same period in 2020.
2. Negative Net Finance Costs driven by significant increase in Short-term borrowings during the period to the tune of ₦133.5 million from ₦38.4 million.
3. 52.5% increase in Trade and Other Receivables evidencing possibilities of weak Revenue generating techniques.
4. Negative Cashflows from Operations driven by significant pile up of Raw Materials and Consumables over the period.

TICKER	UACN
Price (₦) on 28 July 2021	11.20
Shares Outstanding	2,881,296,580
P/E	4.775
Entry Price 1 (₦)	10.57
Entry Price 2 (₦)	10.29
Exit Price 1 (₦)	11.02
Exit Price 2 (₦)	11.24
Expected Return 1 (%)	6.34%
Expected Return 2 (%)	7.09%
Rating	HOLD

**REBASED YTD PRICE
MOVEMENT IN UACN AND
NGX ASI**



Source: Investing, PSL Research

Kindly click [here](#) for the full financial statement.

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Disclaimer

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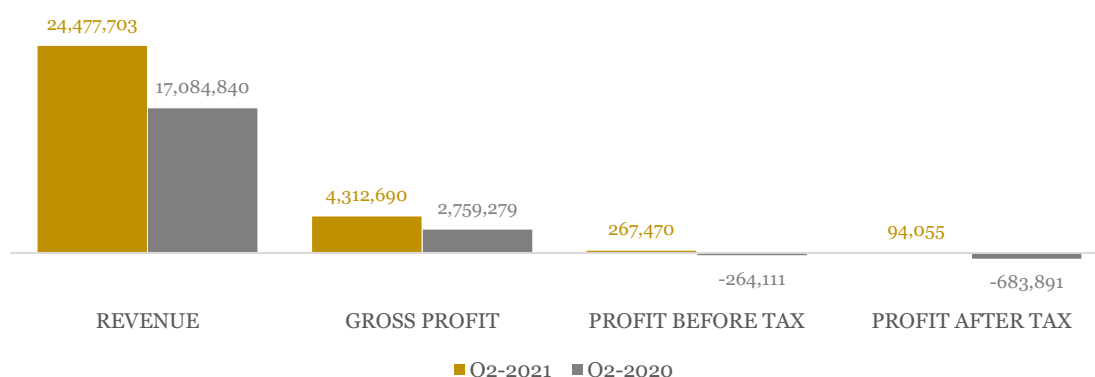


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INCOME STATEMENT	Q2-2021	Q2-2020	Change (%)
Revenue	24,477,703	17,084,840	43.27%
Cost of sales	-20,165,013	-14,325,561	40.76%
Gross profit	4,312,690	2,759,279	56.30%
Dividend income	13,163	9,930	32.56%
Other operating income	211,363	212,326	-0.45%
Other operating losses	4,381	-16,638	-126.33%
Selling and distribution expenses	-1,611,548	-1,342,936	20.00%
Administrative expenses	-2,367,523	-1,922,245	23.16%
Operating profit	562,526	-300,284	-287.33%
Finance income	303,699	170,762	77.85%
Finance costs	-437,168	-132,406	230.17%
Profit before tax	267,470	-264,111	-201.27%
Income tax expense	-171,310	-297,908	-42.50%
Profit after taxation	94,055	-683,891	-113.75%
BALANCE SHEET	Jun-21	Jun-20	Change (%)
Total non-current assets	37,767,682	40,985,587	-7.85%
Total current assets	59,536,928	50,911,611	16.94%
Total assets	101,134,334	92,166,559	9.73%
Total equity	57,762,725	61,371,865	-5.88%
Total non-current liabilities	6,481,425	6,661,410	-2.70%
Total current liabilities	36,848,091	24,091,190	52.95%
Total liabilities	43,371,609	30,794,694	40.84%
CASH FLOW STATEMENT	Jun-21	Jun-20	Change (%)
Operating Activities	-13,959,634	2,401,863	-681.20%
Investing Activities	-599,206	-1,221,004	-50.93%
Financing Activities	6,397,327	-4,343,801	-247.27%

KEY FINANCIAL DATA



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