



Earnings Update: UNITED CAPITAL PLC (Ticker: UCAP)

Impressive Result Underpinned by Continued Robust Revenue Growth

15 October 2021

THINGS WE LIKE ABOUT THE RESULT

1. Gross Earnings appreciated by 60.3% y/y on the back of growth in Investment Income and Fee and Commissions. Investment Income advanced by 43.4% y/y driven largely by the pass-through effect of the 72.8% increase in Income from Managed Funds at ₦4.2billion from ₦2.4billion recorded in 9M-2020.
2. Fee and Commission Income increased rapidly by 112.1% y/y on the back of a 140% surge in Other Fees and Commissions to ₦3.9 billion from ₦1.6 billion.
3. Profit Before Tax and Profit After Tax both grew year-on-year by 72.0% and 72.2% to ₦7.1 billion and ₦5.9 billion, respectively compared to the ₦4.1 billion and 3.5 billion recorded in 9M-2020.
4. The Earnings Per Share grew to ₦1.33 from the ₦0.77 recorded in the previous year. This represents a 73% growth year-on-year.
5. Money Market Placements grew by 2.13 times to ₦76.2 billion from the ₦35.7 billion recorded within the same period in 2020.
6. Total Assets grew by 79.9% y/y to ₦400.7 billion from ₦222.7 billion on the back of the 98.4% and 90.1% growth in Cash and Cash equivalents and Investment in Financial Assets, respectively.

THINGS WE DID NOT LIKE ABOUT THE RESULT

1. Net Trading Income dropped by 87.6% y/y to ₦15.6 million from the ₦125.3 million recorded in 9M-2020.
2. Impairment Charge increased by 105.9% to ₦563.6 million from the ₦273.7 million recorded in 2020.

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

Disclaimer

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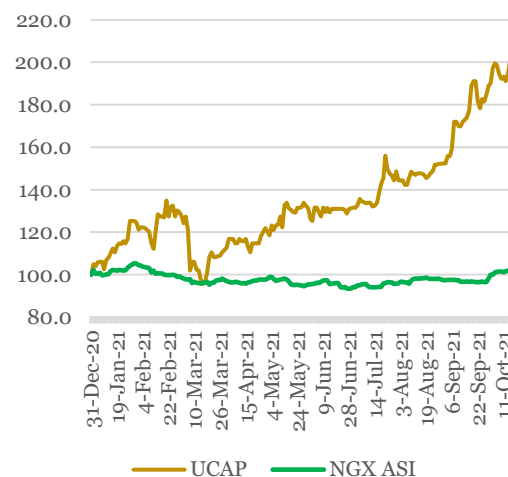
TICKER	UCAP
Price (₦) at 15 Oct, 2021	9.85
Shares Outstanding	6,000,000,000
P/E	3.86
Entry Price (₦)	9.15
Exit Price (₦)	12.10
Expected Return 1 (%)	32.24%
Rating	BUY

REMARKS

Strong Earnings backed up by positive technical and high dividend payout.

Also, the price has been on an upward trajectory since March 2021 and the price was reclassified from a low-price stock to a medium-priced stock haven traded above ₦5 for 4 to 6 months.

REBASED YTD PRICE MOVEMENT IN UCAP AND NGX ASI

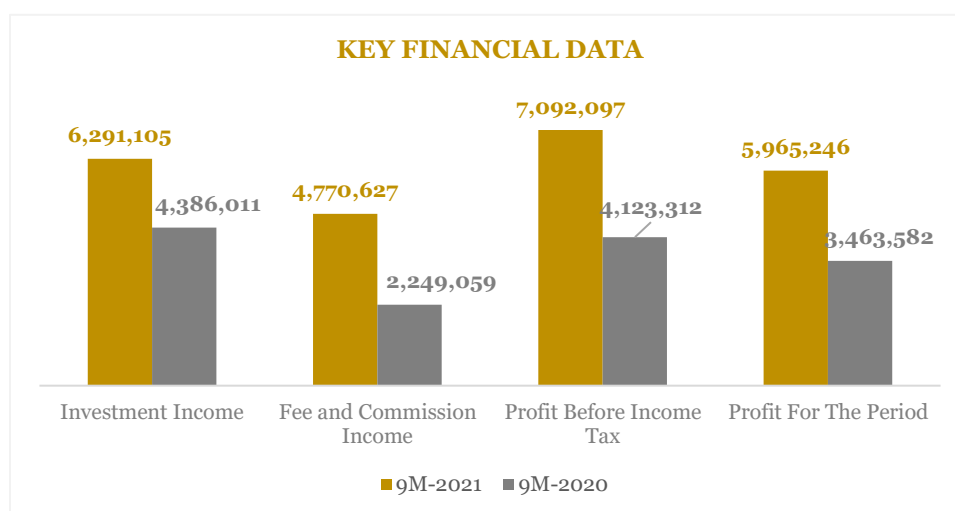


Source: Bloomberg, Parthian Securities Research



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INCOME STATEMENT	9M-2021	9M-2020	Change (%)
Gross Earnings	11,329,284	7,069,171	60.26%
Investment income	6,291,105	4,386,011	43.44%
Fee and commission income	4,770,627	2,249,059	112.12%
Net trading income	15,553	125,281	-87.59%
Net operating income	11,077,286	6,760,351	63.86%
Other income	247,597	308,820	-19.82%
Personnel expenses	(1,306,994)	(1,186,744)	10.13%
Other operating expenses	(2,136,359)	(1,325,890)	61.13%
Depreciation of properties and equipment	(164,211)	(113,839)	44.25%
Amortisation of intangible & right of use assets	(66,009)	(45,708)	44.41%
Impairment writeback /(charge) for credit losses	(563,613)	(273,678)	105.94%
Total Expenses	(4,237,187)	(2,945,859)	43.84%
Profit before income tax	7,092,097	4,123,312	72.00%
Income tax expense	(1,126,851)	(659,730)	70.80%
Profit for the period	5,965,246	3,463,582	72.23%
BALANCE SHEET	9M-2021	Dec-2020	Change (%)
Cash and cash equivalents	86,147,150	43,420,443	98.40%
Investment in financial assets	275,958,939	145,148,841	90.12%
Trade and other receivables	32,991,081	28,472,742	15.87%
TOTAL ASSETS	400,746,718	222,748,295	79.91%
Managed funds	289,779,065	116,019,077	149.77%
Other borrowed funds	73,593,064	72,661,645	1.28%
Other liabilities	7,721,909	7,683,308	0.50%
TOTAL LIABILITIES	373,857,688	198,321,816	88.51%
Retained earnings	23,367,046	21,601,800	8.17%
TOTAL SHAREHOLDERS FUND	26,889,030	24,426,479	10.08%
CASH FLOW STATEMENT	9M-2021	Dec-2020	Change (%)
Net cash generated from operating activities	175,820,883	52,685,180	233.72%
Net cash used in investing activities	(132,353,549)	(54,408,840)	143.26%
Net cash used in financing activities	(2,092,972)	14,259,327	-114.68%
Cash and cash equivalents at end of period	86,147,150	43,420,443	98.40%



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