



## Earnings Update: UNITED CAPITAL PLC (Ticker: UCAP)

### Stellar Q2-2021 Result Underpinned by Robust Revenue Growth

15 July, 2021

#### THINGS WE LIKE ABOUT THE RESULT

1. Fee and Commission Income increased rapidly by 127% y/y in Q2-2021 to ₦3.1billion from ₦1.4billion due to 82.9% increase in Managed Funds. The pass-through effect resulted to a 54% y/y increase in Gross Earnings at ₦6.8billion from ₦4.4billion in Q2-2020.
2. Profit Before Tax and Profit After Tax both grew by 64.9% and 64.2% to settle at ₦3.7 billion and 3.1billion (vs ₦2.3 billion and ₦1.9billion in Q2-2020).
3. The Earnings Per Share soared to ₦1.05 from ₦0.64 indicating a possibility of a higher Dividend payout.
4. Cash and Cash Equivalents skyrocketed by 365.9% to ₦202.3 billion from ₦43.4 billion. Looking closely, we observed that money market placements surged by 422.2% to ₦186.6billion compared to the ₦35.7 billion that was posted in Q2-2020.
5. The 75.8% increase in Net Cash generated from Operations to ₦92.6 billion from ₦52.7 billion in 2020.

#### THINGS WE DID NOT LIKE ABOUT THE RESULT

1. The ripple effect of the 49.2% increase in other Operating Expenses translated to a 64.2% increase in Total Expenses. Total Expenses in Q2-2021 settled at ₦3.1billion compared to ₦1.9billion in Q2-2020.
2. Retained Earnings, Fair Value Reserves and Shareholder's Fund all declined by declined by 4.9%, 21.6% and 3.6% respectively due to the Dividend payment this year.
3. Net Cash generated by Financing activities declined by 114.7% due to the increase in Dividend paid to Owners of Equity Capital to the tune of ₦4.2 billion from ₦3.0 billion in 2020.

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

#### Disclaimer

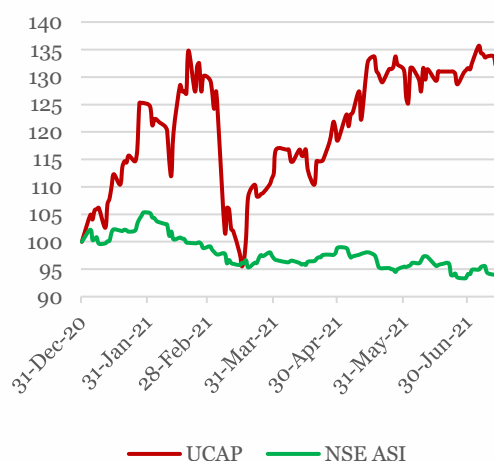
This report has been prepared by the Research Department of Parthian Securities Limited using sources believed to be reliable, trustworthy and factually accurate. However, the Research Department has not independently verified these sources of information and does not vouch the accuracy of these information. No guarantee is given as to the independence of the sources themselves. Readers intending to act upon the contents of this report are advised to make their own enquiries.

TICKER	UCAP
Price (₦) at 15 July, 2021	6.30
Shares Outstanding	6,000,000,000
P/E	3.86
Entry Price 1 (₦)	5.85
Entry Price 2 (₦)	6.40
Exit Price 1 (₦)	7.50
Exit Price 2 (₦)	8.00
Expected Return 1 (%)	28.00
Expected Return 2 (%)	25.00
Rating	BUY

#### REMARKS

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

#### REBASED YTD PRICE MOVEMENT UCAP & NSE ASI



Source: Investing, PSL Research