



Earnings Update: UNITED CAPITAL PLC (Ticker: UCAP)

Impressive Performance Despite Increase in Total Operating Expenses

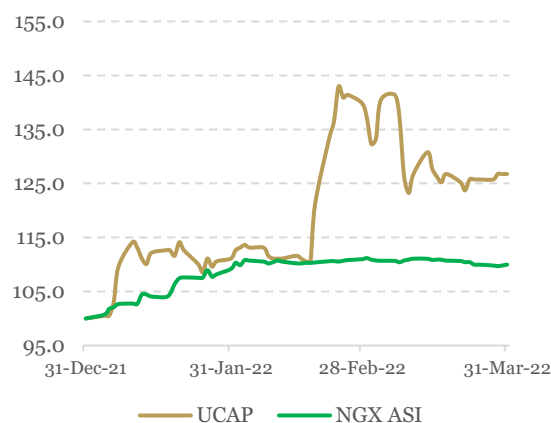
THINGS WE LIKE ABOUT THE RESULT

1. Gross Earnings grew by 35.0% year-on-year (YoY) to ₦4.21 billion in Q1-2022 from ₦3.12 billion in Q1-2021.
2. Increase in Net Operating Income YoY by 14.4% driven by significant increases in Fees and Commissions (32.2%) and Income from Managed Funds (613.8%).
3. The significant increase in managed funds evidences the company's capacity to sustain its Income Generation going forward.
4. Increase in Profit Before Tax and Profit After Tax YoY by 36.1% and 39.2% respectively despite the 6.3% increase in Cost to Income Ratio to 0.39.
5. Increase in the Earnings Per Share YoY by 38.7% to ₦1.54 in Q1-2022 from ₦1.11 Q1-2021.
6. Growth in Profit Before Tax and Profit After Tax margins in Q1-2022 to 63.81% and 54.81% respectively (compared to the 63.29% and 53.17% margins reported in Q1-2021, respectively).
7. Growth in the Price Earnings Ratio and Price to Book ratio YoY to 8.15 and 3.16 in Q1-2022 from 4.79 and 1.47 in Q1-2021, respectively.
8. Total Asset increased by 2.0% to ₦463.93 billion in Q1-2022 compared to ₦453.60 billion as at full year (FY) 2021.

TICKER

| | |
|--------------------------|---------------|
| Price (₦) at 14 Apr 2022 | 13.25 |
| Shares Outstanding | 6,000,000,000 |
| Entry Price (₦) | 13.25 |
| Exit Price (₦) | 15.00 |
| Expected Return (%) | 13.21 |
| Rating | BUY |

Rebased Price Performance in UCAP and NGX ASI



Source: Bloomberg, Parthian Securities Research

THINGS WE DID NOT LIKE ABOUT THE RESULT

1. Significant increase in Total Operating Expenses YoY by 43.6% due to an increase in all Expense lines.
2. Increase in impairment charges by 31.3% YoY to ₦97.4 million from ₦74.2 million in Q1-2021.
3. A decline in the value of Shareholder's fund by 22.0% in Q1-2022 to ₦23.85 billion compared to the FY 2021's value at ₦30.55 billion.

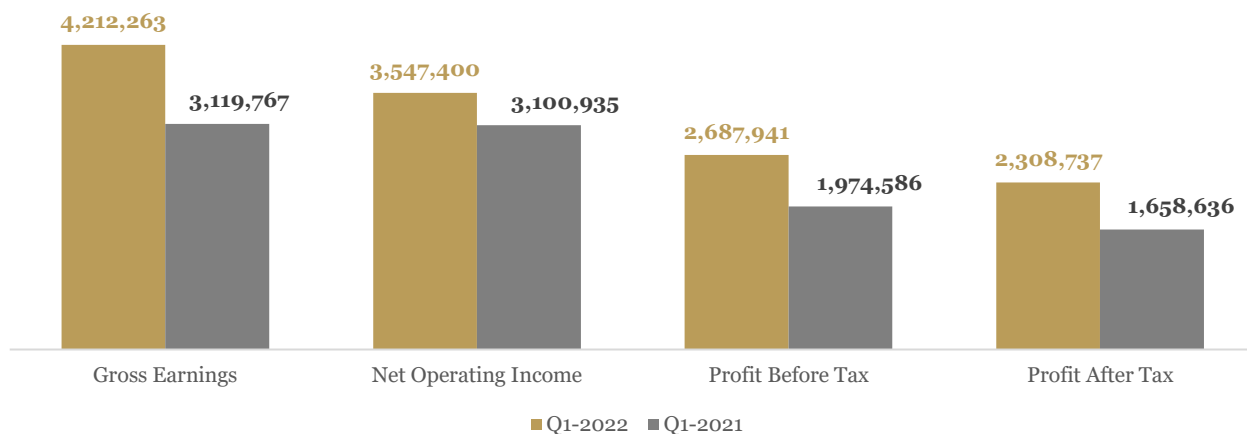
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Kindly click [here](#) for the full financial statement.



| INCOME STATEMENT | Q1-2022 (₹'000) | Q1-2021 (₹'000) | Change (%) |
|--|--------------------|--------------------|---------------|
| Gross Earnings | 4,212,263 | 3,119,767 | 35.02% |
| Investment income | 1,640,576 | 1,591,357 | 3.09% |
| Fee and commission income | 1,747,037 | 1,321,543 | 32.20% |
| Net trading income | 159,788 | 188,035 | -15.02% |
| Net operating income | 3,547,400 | 3,100,935 | 14.40% |
| Other income | 517,458 | 18,832 | 2648.76% |
| Total Revenue | 4,212,263 | 3,119,767 | 35.02% |
| Personnel expenses | (546,701) | (421,220) | 29.79% |
| Other operating expenses | (924,857) | (576,326) | 60.47% |
| Depreciation of properties and equipment | (49,239) | (42,770) | 15.13% |
| Amortisation of intangible & right of use assets | (26,030) | (30,688) | -15.18% |
| Impairment for credit losses | (97,379) | (74,177) | 31.28% |
| Total Expenses | (1,644,208) | (1,145,181) | 43.58% |
| Operating profit before income tax | 2,568,055 | 1,974,586 | 30.06% |
| Profit before income tax | 2,687,941 | 1,974,586 | 36.13% |
| Taxation | (379,204) | (315,950) | 20.02% |
| Profit for the period | 2,308,737 | 1,658,636 | 39.19% |
| STATEMENT OF FINANCIAL POSITION | Q1-2022 (₹'000) | FY-2021 (₹'000) | Change (%) |
| Cash and cash equivalents | 113,295,733 | 53,661,848 | 111.13% |
| Investment securities | 312,487,592 | 363,647,252 | -14.07% |
| Trade and other receivables | 32,709,752 | 30,919,246 | 5.79% |
| Right of use assets | 195,343 | 212,819 | -8.21% |
| Investments in associates | 4,413,473 | 4,293,587 | 2.79% |
| Property and equipment | 446,385 | 471,852 | -5.40% |
| TOTAL ASSETS | 463,931,074 | 453,597,954 | 2.28% |
| Managed funds | 320,586,316 | 327,249,024 | -2.04% |
| TOTAL LIABILITIES | 440,081,873 | 423,051,161 | 4.03% |
| STATEMENT OF CASHFLOW | Q1-2022 (₹'000) | Q1-2021 (₹'000) | Change (%) |
| Net cash used in operating activities | 3,396,628 | 215,498,919 | -98.42% |
| Net cash used in investing activities | 57,315,455 | (200,437,571) | -128.60% |
| Net cash used in financing activities | -1,165,642 | (4,819,942) | -75.82% |

Key Financial Data





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