UACN PLC

....Driving Growth Through Acquistion

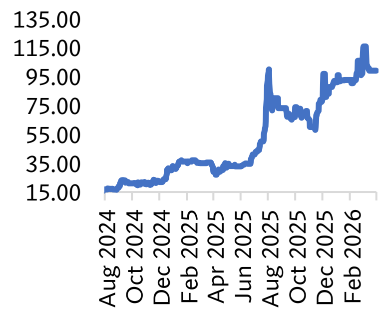
May 4, 2026.

Earnings Note

Fair Value Estimate: ₦173.64

Stock Data	
Current price (N)	181.50
Shares Outstanding (mn)	2,926
Market Cap (N'mn)	531,093
52-week high (N)	196.00
52-week low (N)	31.60
Trailing EPS (N)	3.39
Forward EPS (N)	18.22
Forward PE (X)	9.96
Justified PE Multiple (X)	9.59

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	2.77x	12.08x	9.96x
P/BV	0.72x	1.77x	4.62x
PBT Margin	13%	5%	10%
PAT Margin	8%	3%	7%
RoE	29%	15%	58%
Dividend Yield	0%	1%	3%

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Highlights

- UACN declared a final dividend ₦1.00K (FY 2025).
- UAC completes the acquisition of CHI Limited in FY 2025 for ₦182.40 billion.
- Total assets grew by 278% from ₦157.73 billion (FY 2024) to ₦597.05 billion (FY 2025).
- Revenue went up by 74% from ₦196.90 billion (FY 2024) to ₦340.47 billion (FY 2025).
- Profit after tax (PAT) declined by 65% YoY from ₦16.31 billion to ₦ 9.91 billion.
- Net assets increased by 5% to ₦69.77 billion (FY 2025) from ₦66.41 billion (FY 2024).

Statement of Financial Position

UACN plc closed the year with a total asset of ₦597.05billion. The balance sheet was strengthened by the acquisition of CHI Limited. The total assets grew by 278%, which indicates that CHI Limited, prior to the acquisition, had a larger balance sheet than UACN.

In October 2025, UACN acquired 100% of CHI Limited from Coca-Cola at approximately ₦182.40 billion through its subsidiary, UAC Foods Limited. The deal was financed by ₦151.60 billion debt in dollar currency and cash portion of ₦30.80 billion.

Property, plant, and equipment (PPE) grew by 309% YoY from ₦28.10 billion (FY 2024) to ₦114.81 billion (FY 2025). In the current asset section, inventory grew by 290% from ₦54.97 billion (FY 2024) to ₦214.53 billion (FY 2025). Trade and other receivables increased by 189% from ₦8.86 billion (FY 2024) to ₦25.67 billion (FY 2025). Trade receivables are non-interest-bearing and are generally due for settlement within 30 days.

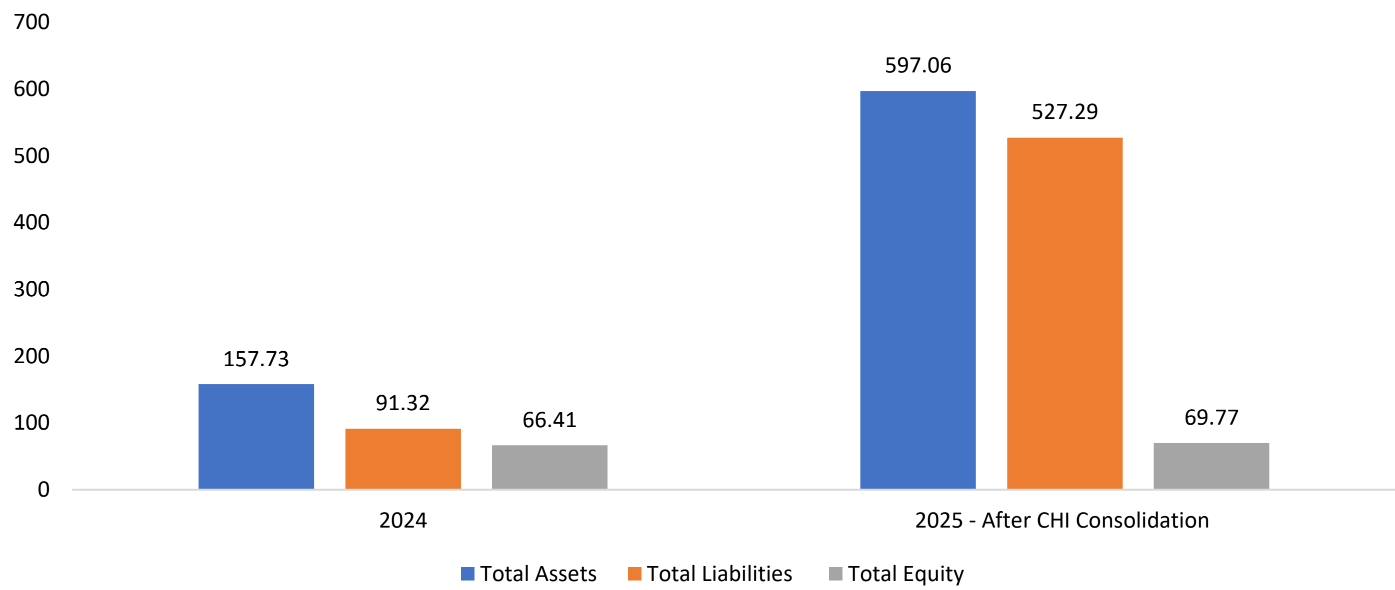
Total liabilities increased by 477% from ₦91.3 billion (FY 2024) to ₦527.29 billion (FY 2025). The most significant growth on the post-merger balance sheet. Interest-bearing loans included ₦185.23 billion to be repaid within a year while ₦159.58 billion to be repaid for a period longer than a year but no greater than five years.

The debt financing for the acquisition of CHI Limited was ₦130.98 billion as at the close of the year 2025. The initial form of borrowing was dollar-denominated and is expected to be converted to naira-denominated debt by Q1 2026.

The conversion to naira reduces exposure to FX (Foreign Exchange) volatility. The interest payments are pegged at the US secure overnight fed fund rate (SOFR) and a country risk premium of 6 %, i.e., SOFR+ 6% (SOFR stood at 3.63% as of March 31, 2026).

The overall borrowing structure of UACN plc reflects management's expectation of their ability to generate funds to cover interest payments and continues to add value to its shareholders. The shareholders' fund increased by 5% from ₦66.41billion (FY 2024) to ₦69.77 billion (FY 2025).

Statement of Financial Statement Position – FY 2025 (₦'Billions)



Source: Company Accounts, WSTC Research

Statement of Financial Performance

Revenue for the year grew by 73% from ₦196.9 billion (FY 2024) to ₦340.47 billion (FY 2025). The growth in revenue is because of the completion of the acquisition of CHI Limited (transaction closed in Q4 2025) and organic growth of UACN lines of business.

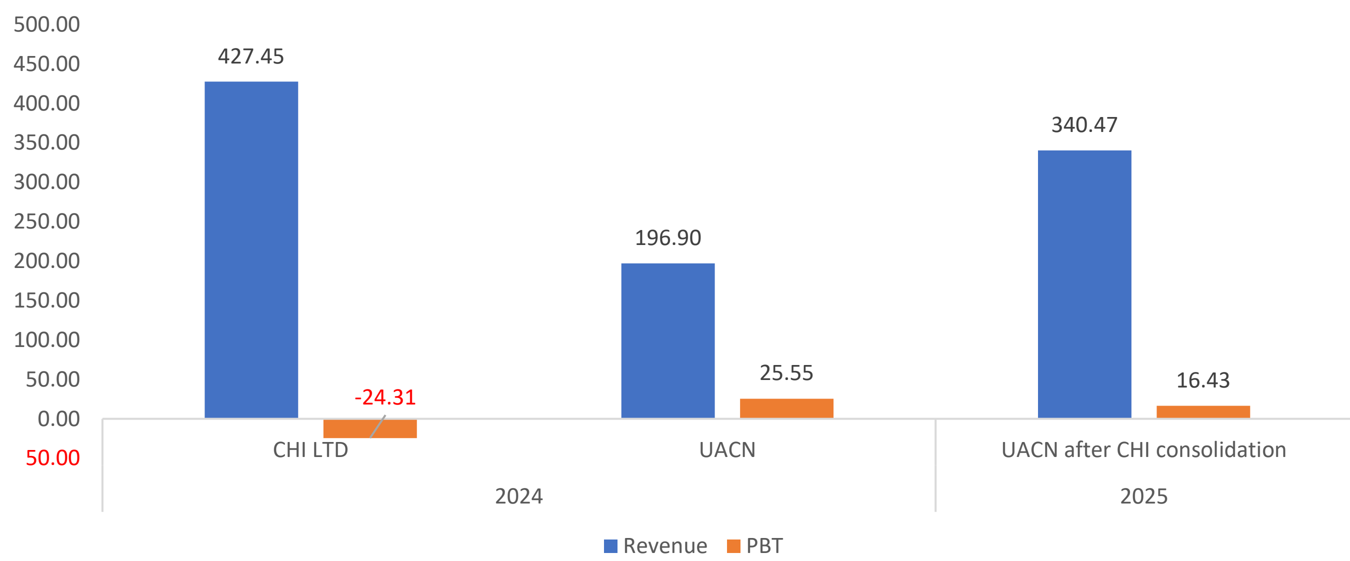
Revenue grew YoY. However, this was not shown in the earnings for FY 2025. The earnings per share (EPS), YoY declined from ₦4.97 (FY 2024) to ₦3.63K (FY 2025). The cause of this decline was a one-off cost of ₦15.20B. The one-off cost is related to a hedged position using derivative contracts worth about ₦6.8 billion at settlement date and consulting, advisory and professional fees that cost ₦8.7 billion. Adjusting for this non-recurring event, UACN's EPS would have grown 35% from ₦4.97 to ₦6.70.

UACN's major lines of business saw increases: packaged food & beverages by 254% from ₦57.73 billion (FY 2024) to ₦201.39 billion (FY 2025). The packaged food and beverage division was the greatest contributor to revenue at 59% of total revenue for FY 2025.
The paints segment revenue increased by 23% from ₦36.36 billion (FY 2024) to ₦44.85 billion on account of improved demand for the products and favourable product mix.

Quick service restaurants (QSR) went up by 1% YoY from ₦2.51million (FY 2024) to ₦2.56 million (FY 2025).

The animal feeds & edibles line of business declined by 9% from ₦100.82 billion (FY 2025). to ₦91.41billion (FY 2024). The decline in this line of business was driven by the procurement of significant volumes of agricultural raw materials e.g., Soya beans and maize in Q4 2024 and early in Q1 2025, at prices higher than the current market price as at the time of sales of products. For context, raw materials and consumables grew by 71% from ₦133.3B in FY 2024 to ₦228.4B FY 2025. This led to higher than anticipated cost of goods and negatively impacted revenue. With exposure to volatility in commodity prices, this line of business can improve revenue generation with appropriate hedging instruments.

Revenue Performance – FY 2025 (₦'Billions)



Source: Company Accounts, WSTC Research

Statement of Cash Flows

Net cash flow from operations increased by 205% from ₦6.91 billion (FY 2024) to ₦21.1 billion (FY 2025). Cash flow from operations increased primarily due to changes in working capital, e.g. a 23% increase from ₦8.6B (FY 2024) to ₦10.6B (FY 2025) in trade payables.

Net cash flow used in Investing increased from ₦1.29 billion (FY 2024) to ₦156.3 billion (FY 2025). The significant increase in Investments is underscored by the financing of the acquisition of CHI Limited in 2025.

However, the net cash from financing increased from ₦3.4 billion (FY 2024) to ₦146.70 billion (FY 2025). UACN borrowed an additional ₦432 billion in FY 2025 in the form of commercial paper and other debt instruments, e.g., bank loans and import finance facility, for the acquisition of CHI Limited. The net borrowings position as at FY 2025 was ₦344 billion, which they expect to pay down ₦202 billion by H1 2026.

Statement of Cash Flows (₦'Billions)

Cash Flows	2025	2024	Change
Net Operating Cash Flows	21.10	6.91	↑
Net Investing Cash Flows	(156.27)	(1.29)	↑
Net Financing Cash Flows	146.79	3.42	↑
Cash & Cash Equivalents	50.91	40.60	↑

Source: Company accounts, WSTC Research

Outlook

With a more predictable foreign exchange rate environment, the volatility in raw materials is expected to decline and position UACN to grow their gross margins, in a disinflationary macroenvironment we expect the rate of increase of operational expenses to decline coupled with expected increase in demand for UACN products by virtue of increased market share. i.e., new consumer demand from the acquisition of CHI Limited.

CHI Limited brings well-established brands such as Chivita and Hollandia, a significant market share base, and an extensive distribution network, all of which expand UACN's scale and market reach. CHI revenue, coupled with UACN's organic growth, is expected to increase UACN's turnover and has the potential to enhance its long-term profitability.

The historical performance of the management team has shown their ability to steer the ship in the right direction. However, we do not expect the fruits of the synergy to materialise within the first year of the acquisition. We consider UACN a long-term value add to its shareholders and appropriate for a value investor's portfolio, i.e., you are willing to wait 2 years or more to see strong value

FY 2025 Financial Performance

Income Statement (N'mn)	FY 2025	FY 2024	(%)
Revenue	**340,473**	**196,901**	**73%**
Cost of sales	(262,131)	(150,594)	74%
Gross profit	**78,342**	**46,306**	**69%**
Selling expense	(27,694)	(12,877)	115%
Admin expense	(30,092)	(17,699)	70%
Operating expense	**(57,786)**	**(30,575)**	**89%**
Operating profit	**20,557**	**15,731**	**31%**
Non-operating profit/(loss)	**(4,132)**	**9,816**	**-142%**
Impairment losses on financial assets	(110)	(143)	-23%
Finance income	4,358	3,379	29%
Finance expense	(24,785)	(6,685)	271%
FX gain/(loss)	4,931	9,266	-47%
Other income	8,051	3,277	146%
Share of profit	3,423	723	374%
Profit before tax	**16,425**	**25,547**	**-36%**
Income tax	(6,517)	(9,237)	-29%
Profit after tax	**9,908**	**16,311**	**-39%**
NCI	679	(1,772)	138%
Profit to parent	**10,587**	**14,539**	**-27%**

Balance Sheet (N'mn)	FY 2025	FY 2024	(%)
Assets			
PP & E	114,814	28,099	309%
Investment property	1,117	1,118	0%
Investment in associate	13,911	10,148	37%
Inventory	214,533	54,965	290%
Receivables	25,672	8,856	190%
Cash	50,911	40,594	25%
Others	227,012	54,541	316%
Total Assets	**597,058**	**157,726**	**279%**
Liabilities			
Loans & borrowings	346,990	42,994	707%
Payables	77,864	22,509	246%
Others	101,433	25,812	293%
Total Liabilities	**526,288**	**91,316**	**476%**
Net Assets	**69,771**	**68,410**	**2%**

Source: Company Accounts, WSTC Research

Financial Projections

Income statement (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Revenue	196,901	340,473	807,790	1,019,768	1,285,771	1,576,947	1,869,318
EBITDA	19,110	26,249	100,581	111,270	144,713	176,467	204,109
EBIT	15,828	20,658	85,058	95,529	124,109	151,406	176,472
Profit before taxation (PBT)	25,547	16,425	78,393	101,968	139,159	178,090	232,833
Net profit (PAT)	16,311	9,908	53,307	69,339	94,628	121,101	158,327
EPS (₦)	5.57	3.39	18.22	23.70	32.34	41.39	54.11
DPS (₦)	0.22	1.00	2.73	3.55	4.85	6.21	8.12

Balance sheet (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Current assets	104,434	291,139	327,977	512,554	733,360	997,241	1,269,449
Non-current assets	52,950	305,848	298,401	290,620	277,501	261,503	244,223
Total assets	157,726	597,058	626,449	803,245	1,010,932	1,258,816	1,513,743
Current liabilities	71,964	294,596	271,398	349,810	427,145	520,513	590,029
Non-current liabilities	19,352	232,691	234,899	271,941	318,065	365,674	410,924
Long-term debt	10,322	159,584	160,051	196,952	241,898	288,793	332,990
Shareholders' equity	66,410	69,771	120,152	181,494	265,722	372,628	512,790
Book value per share (₦)	21.44	23.10	39.43	59.86	87.43	122.76	168.83

Cash flow statement (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Cash from operating activities	6,910	21,092	20,184	44,398	55,741	75,966	80,667
Cash from investing activities	(1,284)	(156,270)	2,751	2,366	3,495	2,796	3,781
Cash from financing activities	3,418	146,787	(49,138)	54,177	82,627	78,138	81,559
Net increase/ (decrease) in cash	9,044	11,608	(26,203)	100,941	141,863	156,900	166,007

Ratio analysis (%)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
EBITDA margin	10%	8%	12%	11%	11%	11%	11%
Operating margin	8%	6%	11%	9%	10%	10%	9%
ROE	29%	15%	58%	48%	44%	39%	37%
ROA	12%	3%	9%	10%	10%	11%	11%
Dividend payout ratio	4%	30%	15%	15%	15%	15%	15%

Source: Company Accounts, WSTC Research

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- Sell Rating: estimated change in price is ≤ -10% of current market price.

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