UACN PLC

....CHI Limited Acquisition Begins to Reflect in Earnings

June 3, 2026.

Earnings Note

Highlights

- UACN's acquisition of CHI Limited in Q4 2025 for ₦180.40 positively impacts Q1 2026 results.
- Total assets remained stable at ₦597.61 billion in Q1 2026 from ₦597.06 billion in FY 2025.
- Shareholders' fund increased by 20% from ₦69.77 billion in FY 2025 to 83.95 billion in Q1 2026.
- Revenue grew by 241% from ₦56.00 billion in Q1 2025 to ₦191.22 billion in Q1 2026.
- Profit after tax increased by 325% from ₦3.10 billion (Q1 2025) to ₦13.14 billion (Q1 2026).
- Earnings Per Share increased from ₦1.06k in Q1 2025 to ₦4.49k in Q1 2026.

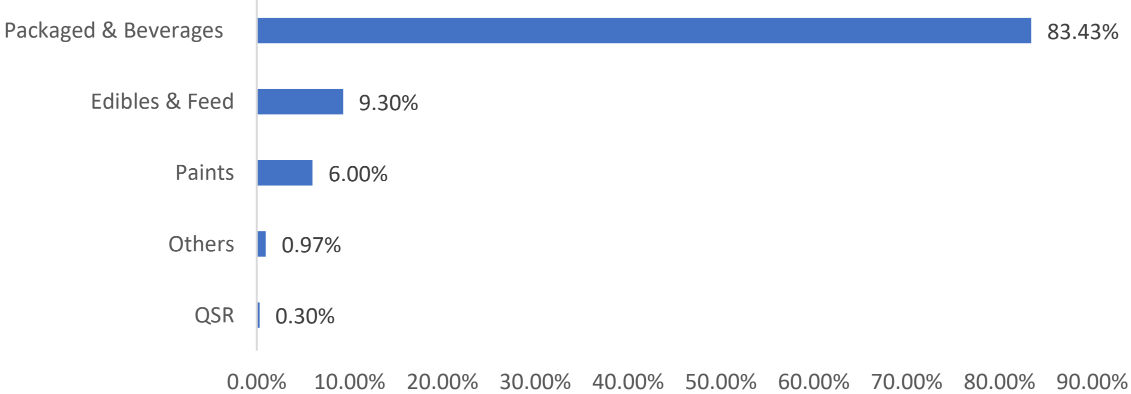
Event

UACN Plc commenced FY 2026 on a strong note as growth in revenue and profitability was supported by the Packaged Food & Beverages segments and improved operating leverage.

Revenue grew by 241% year-on-year from ₦56.00 billion in Q1 2025 to ₦191.22 billion in Q1 2026. The performance was largely driven by higher sales volumes and price adjustments across the packaged food and beverages business, which increased by 734% YoY from ₦19.20 billion in Q1 2025 to ₦161.07 billion in Q1 2026. This is mainly driven by the CHI Acquisition, which reflected in the segment. The paint business grew its revenue by 14% YoY from ₦10.00 billion to ₦11.60 billion in Q1 2026. We believe this is on the back of the 136 new stores and retail touch points added as at the end of Q4 2025.

However, the Edibles and Feed segment declined by 31% YoY from ₦26.03 billion to ₦18.00 billion in Q1 2026: ₦26.03. This is caused by the procurement of raw materials in the previous period (Q4 2025) at higher cost than the current market rate, which significantly affected the finished goods prices and ability to compete in the consumer market. Quick Service Restaurants (QSR) also declined by 6% YoY from ₦611.44 million to ₦576.44 million in Q1 2026, as some stores were closed during the period.

Revenue Contribution by Segment (%)

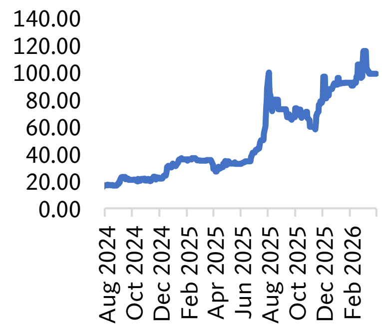


Source: Company Accounts, WSTC Research

Fair Value Estimate: ₦224.94

Stock Data	
Current price (N)	183.00
Shares Outstanding (mn)	2,926
Market Cap (N'mn)	535,482
52-week high (N)	203.95
52-week low (N)	33.00
Trailing EPS (N)	3.39
Forward EPS (N)	18.11
Forward PE (X)	10.10
Justified PE Multiple (X)	12.42

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	36.83x	54.04x	10.11x
P/BV	8.06x	7.67x	5.74x
PBT Margin	13%	5%	10%
PAT Margin	8%	3%	7%
RoE	27%	15%	69%
Dividend Yield	0%	1%	3%

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Cost of sales increased by 227% YoY from ₦41.75 billion in Q1 2025 to ₦136.41 billion in Q1 2026, as it reflects higher production volumes. However, revenue growth has continued to outpace the increase in cost of sales. As a result, gross profit increased by 285% YoY from ₦14.26 billion to ₦54.81 billion in Q1 2026. Consequently, gross margin improved to 29% from 25% in the corresponding period of 2025. This shows improved operational efficiency.

Operating expenses grew by 231% YoY from ₦8.12 billion to ₦26.86 billion in Q1 2026, driven by increased selling and distribution activities as well as administrative expenses. Selling expenses rose by 360% YoY from ₦3.38 billion to ₦15.55 billion, while administrative expenses increased by 139% YoY from ₦4.44 billion to ₦11.31 billion. This increase in distribution expenses is not only attributable to the expanded company, i.e. CHI Limited acquisition. Energy Inflation played a key role in rising costs. The tension in the Middle East during the second half of the quarter, i.e., War commenced on February 28th, 2026, led to an accelerated growth in expenses.

Operating profit remained resilient and grew by 355% YoY from ₦6.14 billion in Q1 2025 to ₦27.95 billion in Q1 2026, while operating margin improved from 11% to 15% over the same period.

Non-operating loss increased from ₦1.10 billion (Q1 2025) to ₦5.36 billion (Q2 2025), largely due to a significant increase in finance expenses (Interest expense from the loan incurred to purchase CHI Limited), which rose 367% YoY to ₦14.81 billion. However, this was partially offset by a foreign exchange gain of ₦6.76 billion, compared to an FX loss of ₦119 million in Q1 2025. The largest contributor to this increase in finance expense is due to the foreign debt portion, which was valued at ₦180 billion at the time of acquisition of CHI Limited. (Click here for detailed breakout in FY 2025 Report)

As a result, Profit before tax (PBT) rose by 348% YoY from ₦5.04 billion to ₦22.59 billion in Q1 2026. With a tax charge of ₦8.95 billion, profit after tax (PAT) increased by 311% YoY from ₦3.32 billion in Q1 2025 to ₦13.14 billion in Q1 2026.

Outlook

UACN is expected to continue its positive earnings trajectory through FY 2026 as the Group continues to fully benefit from the synergy of CHI Limited, supported by continued growth across its Packaged Food & Beverages and Paints segments, which contribute about 70%-80% of total revenue. Additionally, volatility on raw materials prices is not expected, as the exchange rate environment remained stable. Demand for products is also expected to be sustained in the market in the face of disinflation in the environment.

Our analysis shows UACN is well-positioned to deliver stronger earnings in FY 2026, underpinned by improving operational performance and continued execution of its growth strategy. Our outlook on UACN remains as in our last report, a good addition for a value investor with a 2–3 year outlook.

Q1 2026 Financial Performance

Income Statement (N'mn)	Q1 2026	Q1 2025	(%)
Revenue	**191,224**	**56,003**	**241%**
Cost of sales	(136,409)	(41,747)	227%
Gross profit	**54,814**	**14,256**	**285%**
Selling expense	(15,554)	(3,381)	360%
Admin expense	(11,310)	(4,737)	139%
Operating expense	**(26,864)**	**(8,118)**	**231%**
Operating profit	**27,950**	**6,138**	**355%**
Non-operating profit/(loss)	**(5,362)**	**(1,096)**	**389%**
Impairment losses on financial assets	(83)	(58)	44%
Finance income	1,566	1,204	30%
Finance expense	(14,810)	(3,172)	367%
FX gain/(loss)	6,756	(119)	5760%
Other income	528	749	-29%
Share of profit	681	301	126%
Profit before tax	**22,588**	**5,042**	**348%**
Income tax	(8,945)	(1,726)	418%
Profit after tax	**13,644**	**3,316**	**311%**
NCI	(504)	(222)	128%
Profit to parent	**13,139**	**3,095**	**325%**

Balance Sheet (N'mn)	3M 2026	3M 2025	(%)
Assets			
PP & E	112,847	28,117	301%
Investment property	1,117	1,118	0%
Investment in associate	14,565	10,477	39%
Inventory	189,547	57,130	232%
Receivables	27,484	11,985	129%
Cash	77,562	42,296	83%
Others	174,487	13,425	1200%
Total Assets	**597,608**	**164,548**	**263%**
Liabilities			
Loans & borrowings	346,727	47,650	628%
Payables	53,986	20,208	167%
Others	112,945	26,849	321%
Total Liabilities	**513,658**	**94,707**	**442%**
Net Assets	**83,950**	**69,841**	**20%**

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	803,762	1,014,572	1,279,068	1,568,568	1,859,264
EBITDA	19,110	26,249	100,079	110,703	143,958	175,529	203,011
EBIT	15,828	20,658	84,634	95,042	123,462	150,601	175,523
Profit before taxation (PBT)	25,547	16,425	77,929	101,448	138,433	177,143	231,581
Net profit (PAT)	16,311	9,908	52,992	68,985	94,134	120,457	157,475
EPS (₦)	5.57	3.39	18.11	23.58	32.17	41.17	53.82
DPS (₦)	0.22	1.00	5.43	7.07	8.04	10.29	11.84

Balance sheet (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Current assets	104,434	291,139	325,621	501,271	710,516	963,517	1,222,162
Non-current assets	52,950	305,848	298,428	290,686	277,635	261,721	244,534
Total assets	157,726	597,058	624,119	792,028	988,222	1,225,309	1,466,767
Current liabilities	71,964	294,596	270,196	348,183	425,077	517,909	587,019
Non-current liabilities	19,352	232,691	234,087	270,922	316,782	364,114	409,101
Long-term debt	10,322	159,584	159,253	195,949	240,637	287,259	331,199
Shareholders’ equity	66,410	69,771	119,836	172,923	246,362	343,286	470,646
Book value per share (₦)	21.44	23.10	39.32	57.03	81.06	113.09	154.95

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	20,920	44,198	55,486	75,600	80,263
Cash from investing activities	(1,284)	(156,270)	2,755	2,355	3,478	2,782	3,761
Cash from financing activities	3,418	146,787	(50,724)	45,921	71,795	68,252	69,030
Net increase/ (decrease) in cash	9,044	11,608	(27,048)	92,473	130,759	146,634	153,054

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%	49%	47%	42%	40%
ROA	12%	3%	9%	10%	11%	11%	12%
Dividend payout ratio	4%	30%	30%	30%	25%	25%	22%

Source: Company Accounts, WSTC Research

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- Hold Rating: estimated change in price is between -10% and 19% of current market price.
- Sell Rating: estimated change in price is ≤ -10% of current market price.

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