UACN PLC

.... CHI Limited Acquisition Continues to Drive Growth

August 21, 2026.

Earnings Note

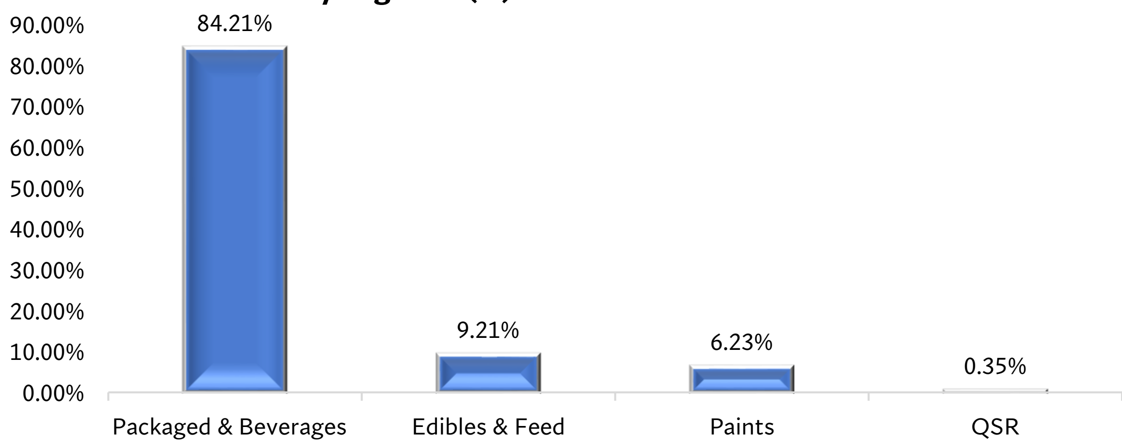
Highlights

- Revenue increased by 219% Year-on-year (YoY) from ₦54.40 billion in Q2 2025 to ₦173.75 billion in Q2 2026, majorly driven by the consolidation of C.H.I. Limited.
- Gross profit increased by 255% YoY from ₦14.00 billion in Q2 2025 to ₦49.74 billion in Q2 2026, as margin improved from 26% to 29%.
- Profit after tax increased by 58% YoY from ₦4.04 billion in Q2 2025 to ₦6.38 billion in Q2 2026.
- Earnings Per Share moved from ₦2.38K in Q2 2025 to ₦6.58k in Q2 2026.

Income Statement

UACN Plc maintained its strong operating momentum in Q2 2026 as revenue increased by 219% from ₦54.40 billion in Q2 2025 to ₦173.75 billion in Q2 2026. This was largely driven by the Packaged Food and Beverages segment, which benefited from the full contribution of C.H.I. Limited.

Revenue Contribution by Segment (%)



Source: Company Accounts, WSTC Research

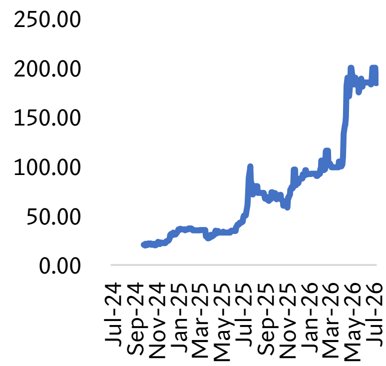
Looking by segments, the Packaged Food and Beverages segment remained the clear growth engine of the Group as it increased by 610% YoY from ₦20.60 billion in Q2 2025 to ₦146.30 billion in Q2 2026. While the consolidation of C.H.I. was a major contributor, performance also benefited from volume growth at UAC Foods. As a result, the segment now accounts for more than 80% of Group revenue, which make more important for UACN's overall performance.

The Paints segment also recorded modest growth as it grew by 8% YoY from ₦10.00 billion in Q2 2025 to ₦10.90 billion in Q2 2026. The growth was on the back of higher volumes and price adjustments. In addition, the launch of Dulux Spruce also expands UACN's presence into the mid-tier decorative market, which also supports revenue growth.

The Edibles and Feed segment remained under pressure as the challenging pricing environment in the sector continues to affect its business environment. Revenue under

Fair Value Estimate: ₦257.20

Stock Data	
Current price (N)	177.85
Shares Outstanding (mn)	2,926
Market Cap (N'mn)	520,413
52-week high (N)	203.95
52-week low (N)	54.00
Trailing EPS (N)	3.39
Forward EPS (N)	18.89
Forward PE (X)	9.42
Justified PE Multiple (X)	13.61



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	35.79x	48.55x	9.41x
P/BV	7.84x	7.46x	4.26x
PBT Margin	13%	5%	10%
PAT Margin	8%	3%	7%
RoE	27%	15%	64%
Dividend Yield	0%	1%	3%

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this segment declined by 31% YoY from ₦23.10 billion in Q2 2025 to ₦16.00 billion in Q2 2026 due to lower finished goods prices across the agricultural commodities value chain and low sales volumes.

The Quick Service Restaurants (QSR) segment also remained a drag on Group revenue, although with a minimal effect as it constitutes less than 1% of the Group revenue. The segment recorded a decline of 8% YoY% from ₦667.00 million in Q2 2025 to ₦614.00 million in Q2 2026, mainly due to the closure of some stores.

At the Group level, cost of sales increased by 207% YoY from ₦40.40 billion in Q2 2025 to ₦124.00 billion in Q2 2026. However, this remained below the 219% revenue growth, which eventually led to a 255% YoY increase in gross profit, from ₦14.00 billion to ₦49.74 billion. As a result, gross margin improved from 26% in Q2 2025 to 29% in Q2 2026. This indicates that UACN as a group is now generating more from revenue after deducting cost of sales.

Operating expenses increased by 240% YoY from ₦8.90 billion in Q2 2025 to ₦30.27 billion in Q2 2026. Selling expenses increased significantly by 409% YoY from ₦3.64 billion to ₦18.52 billion, while administrative expenses increased by 123% YoY from ₦5.26 billion to ₦11.74 billion. The huge increase in selling & distribution expenses evidenced the larger scale of the business and increased investment in distribution, i.e the consolidation of C.H.I Limited. Despite this pressure, operating profit increased by 282% from ₦5.10 billion in Q2 2025 to ₦19.48 billion in Q2 2026. Operating margin therefore improved from 9% to 11%, which means that the Group generated more operating profit from each naira of revenue.

Below the operating line. Finance income increased by 20% from ₦1.36 billion in Q2 2025 to ₦1.63 billion in Q2 2026, but this was not able to offset a 300% YoY increase in finance expense from ₦3.01 billion to ₦12.02 billion. The higher finance cost was due to the higher debt burden for the C.H.I. Limited acquisition. The ₦182.40 billion acquisition was funded with ₦151.60 billion in debt, initially through a short-term USD bridge facility, which was subsequently refinanced into 7-year Naira financing in December 2025. While the refinancing reduced UACN's direct exposure to movements in the US dollar and extended the maturity of the debt, the large debt continues to weigh on profit through higher finance costs.

As a result, profit before tax increased by 96% YoY from ₦6.06 billion in Q2 2025 to ₦11.86 billion in Q2 2026. Following a 172% YoY increase in income tax from ₦2.02 billion to ₦5.48 billion, profit after tax increased by 58% YoY from ₦4.04 billion to ₦6.38 billion. On a per-share basis, it moved from ₦2.38 in Q2 2025 to ₦6.58 in Q2 2026.

Outlook

We remain positive on UACN's operating outlook for FY 2026. The Packaged Food and Beverages segment, which accounted for more than 80% of the Group's revenue, is expected to remain the main driver of growth. The full-year contribution from C.H.I. Limited and moderating input costs should support further revenue and margin expansion. For reference, Cost of sales margin declined from 74% in Q2 2025 to 71% in Q2 2026. Additionally, volatility on raw materials prices is not expected, as the exchange rate environment remained relatively stable.

On the debt front, the outlook is also improving. UACN generated ₦70.90 billion in free cash flow in H1 2026 (H1 2025: N8.34 billion), i.e cash left after funding the business's operations and necessary investment. This cash can be used to repay debt and pay dividends. Encouragingly, the Company reduced net debt to approximately ₦256.95 billion in Q2 2026 from ₦293.90 billion at the end of 2025. We expect the continued cash generation to support further deleveraging and reduce balance-sheet pressure over time.

Going forward, we expect the refinancing of the C.H.I. Limited dollar debt into longer-term Naira financing to also reduce the Group's direct exposure to movements in the US dollar.

Overall, we therefore view UACN as an attractive stock for investors looking to add exposure to the consumer sector.

Q2 2026 Financial Performance

Income Statement (N'mn)	Q2 2026	Q2 2025	(%)
Revenue	**173,746**	**54,402**	**219%**
Cost of sales	(124,002)	(40,402)	207%
Gross profit	**49,744**	**14,000**	**255%**
Selling expense	(18,524)	(3,643)	409%
Admin expense	(11,743)	(5,255)	123%
Operating expense	**(30,267)**	**(8,898)**	**240%**
Operating profit	**19,477**	**5,102**	**282%**
Non-operating profit/(loss)	**(7,620)**	**956**	**-897%**
Impairment losses on financial assets	(59)	36	-263%
Finance income	1,633	1,357	20%
Finance expense	(12,020)	(3,008)	300%
FX gain	1,020	119	755%
Other income	1,153	626	84%
Share of profit	652	1,825	-64%
Profit before tax	**11,857**	**6,058**	**96%**
Income tax	(5,475)	(2,015)	172%
Profit after tax	**6,382**	**4,042**	**58%**
NCI	(258)	(172)	50%
Profit to parent	**6,125**	**3,870**	**58%**

Source: Company Accounts, WSTC Research

H1 2026 Financial Performance

Income Statement (N'mn)	H1 2026	H1 2025	(%)
Revenue	**364,970**	**110,406**	**231%**
Cost of sales	(260,412)	(82,150)	217%
Gross profit	**104,558**	**28,256**	**270%**
Selling expense	(34,078)	(7,024)	385%
Admin expense	(23,053)	(9,992)	131%
Operating expense	**(57,131)**	**(17,016)**	**236%**
Operating profit	**47,427**	**11,240**	**322%**
Non-operating profit/(loss)	**(12,981)**	**(140)**	**9182%**
Impairment losses on financial assets	(142)	(22)	556%
Finance income	3,199	2,639	21%
Finance expense	(26,829)	(6,180)	334%
FX gain/(loss)	7,776	(78)	10015%
Other income	1,681	1,375	22%
Share of profit	1,334	2,126	-37%
Profit before tax	**34,445**	**11,100**	**210%**
Income tax	(14,420)	(3,741)	285%
Profit after tax	**20,026**	**7,359**	**172%**
NCI	(762)	(394)	94%
Profit to parent	**19,264**	**6,965**	**177%**

Balance Sheet (N'mn)	H1 2026	H1 2025	(%)
Assets			
PP & E	112,441	28,508	294%
Investment property	1,117	912	22%
Investment in associate	15,546	12,564	24%
Inventory	184,792	48,844	278%
Receivables	21,281	10,180	109%
Cash	50,093	46,805	7%
Others	172,502	13,678	1161%
Total Assets	**557,771**	**161,491**	**245%**
Liabilities			
Loans & borrowings	307,040	43,348	608%
Payables	67,976	24,560	177%
Others	107,046	20,822	414%
Total Liabilities	**482,062**	**88,730**	**443%**
Net Assets	**75,710**	**72,761**	**4%**

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	81,306	98,742	133,885	169,707	224,786
Net profit (PAT)	16,311	9,908	55,288	67,145	91,042	115,401	152,855
EPS (₦)	5.57	3.39	18.89	22.95	31.11	39.44	52.24
DPS (₦)	0.22	1.00	5.67	6.88	7.78	9.86	11.49

Balance sheet (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Current assets	104,434	291,139	327,917	501,038	707,743	956,460	1,211,750
Non-current assets	52,950	305,848	298,428	290,686	277,635	261,721	244,534
Total assets	157,726	597,058	626,415	791,795	985,449	1,218,252	1,456,354
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	122,132	172,691	243,589	336,229	460,234
Book value per share (₦)	21.44	23.10	40.08	56.96	80.15	110.77	151.53

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	13,410	42,358	52,394	70,544	75,643
Cash from investing activities	(1,284)	(156,270)	12,562	2,355	3,478	2,782	3,761
Cash from financing activities	3,418	146,787	(50,724)	45,232	72,347	69,025	70,294
Net increase/ (decrease) in cash	9,044	11,608	(24,751)	89,945	128,218	142,351	149,698

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%	60%	47%	45%	41%	40%
ROA	12%	3%	9%	9%	10%	10%	11%
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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