



PRESS RELEASE

Regulated information

Unaudited Financial Results for the Period Ended 30th June 2021

Lagos, 29 July 2021 – Chemical and Allied Products Plc (“**CAP**” or the “**Company**”), one of Nigeria’s leading paints and decorative companies, announced its unaudited results for the period ended 30th June 2021.

Commenting on the performance, **Managing Director, David Wright**, stated:

“In the first half of 2021, we grew top line by 62% year on year. However, the impact of the COVID-19 pandemic on our business, which resulted in a global shortage of raw materials and significant increase in input costs, continues to affect profitability margins.

Our focus remains creating shareholder value thus strategic actions taken to secure alternative raw material sources, cost management efforts as well as improvements in operational efficiency are expected to improve profitability in the second half of the year.

The merger between CAP and Portland Paints and Products Nigeria Plc (“Portland Paints”) became effective on the 1st of July 2021 with CAP being the surviving entity. We expect that the merger will help CAP achieve operational, governance and administrative efficiencies and access to new markets which will increase shareholder value in the short and long term”.

Highlights

- **Revenue** of ₦5.6 billion, higher than prior 2020 by 62% supported by strong volume growth across all segments.
- **Gross profit** of ₦1.7 billion, with gross margin of 31%.
- **Operating Profit (EBIT)** of ₦588 million, with EBIT margin of 10%. Revenue growth and higher other income (+ 399% YoY), due to profit from sale of a non-core asset, offset higher operating expenses (+ 46% YoY).
- **Profit Before Tax** of ₦697 million, with PBT margin of 12%.
- **Profit After Tax** of ₦509 million, with PAT margin of 9%.
- **Inventory** of ₦2.3 billion, up 139% compared to ₦967 million at Dec 2020 driven by deliberate efforts to build stock levels to ensure we are able to meet demand.
- **Trade and other receivables** of ₦668 million, increase 45% compared to ₦461 million at Dec 2020 following increased sales.

Key Financial Highlights

In million ₦, unless otherwise stated	Q2 2021	Q2 2020	YoY	H1 2021	H1 2020	YoY
Revenue	3,549	1,176	202%	5,642	3,488	62%
Gross Profit	1,035	493	110%	1,736	1,659	5%
Gross Margin (% of Revenue)	29%	42%	(1,275 bps)	31%	48%	(1,677 bps)
Other Income	195	16	1146%	219	44	399%
Selling & Marketing expenses	(228)	(10)	2,235%	(303)	(184)	65%
Administrative expenses	(650)	(330)	97%	(1,064)	(753)	41%
Operating Expenses	(879)	(340)	159%	(1,367)	(937)	46%
Operating Expenses (% of Revenue)	25%	29%	(414 bps)	24%	22%	264 bps
EBIT	351	169	108%	588	766	(23%)
EBIT Margin (% of Revenue)	10%	14%	(445 bps)	10%	22%	(1,153 bps)
Finance Income	48	54	(12%)	110	128	(14%)
Finance Cost	(0.7)	(0.4)	50%	(0.7)	(0.4)	50%
Net Finance Income	47	54	(12%)	109	128	(14%)
Profit Before Tax	398	222	79%	697	893	(22%)
Profit before Tax Margin (% of Revenue)	11%	19%	(768 bps)	12%	26%	(1,325 bps)
Income Tax Expense	(92)	(71)	79%	(188)	(286)	(34%)
Effective tax rate (% of PBT)	23%	32%	(505 bps)	27%	32%	(505 bps)
Profit After Tax	306	151	103%	509	607	(16%)
Basic and Diluted Earnings Per Share for the period (Kobo)	39	22		73	87	

	Jun-21	Dec-20	YoY
Quick Ratio	0.9	1.5	-36%
Current Ratio	1.3	1.7	-19%
Total Assets / Equity	3.1	2.3	35%
Cash and cash equivalents	3,679	5,748	-36%

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About CAP Plc

Chemical and Allied Products Plc (CAP) is a leading paints and coatings company in Nigeria with globally recognised brands such as Dulux and Caplux. CAP manufactures and sells premium and standard paints and coatings and is the sole technological licensee of Akzo Nobel Coatings International B.V. in Nigeria. CAP pioneered the colour centre concept in Nigeria in 2005, which resulted in the evolution of the Nigerian paint industry. Today, CAP has 93 outlets across the country. CAP is a public company listed on The Nigerian Stock Exchange. It is a subsidiary of UAC of Nigeria PLC which holds 56.54% of the company's shares. For more information visit <https://www.capplc.com/>

CAP's Investors Portal

CAP has a dedicated investors' portal on its corporate website which can be accessed via this link: <https://www.capplc.com/>. This Earnings Press Release should be read in conjunction with the Unaudited Financial Statements for the period ended June 30, 2021 available on our website. For any investment related enquiry, please contact Yomi Adenson, Chief Financial Officer by electronic mail at yadenson@capplc.com or telephone on: +234 802 330 3821.

Disclaimer

This announcement contains or will contain forward-looking statements which reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend" "estimate", "project", "target", "risks", "goals" and similar terms and phrases have been used to identify the forward- looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. Chemical and Allied Products Plc cautions readers that several factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully, and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Company's disclosure materials filed from time to time with Securities and Exchange Commission of Nigeria. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise.