



### UACN Plc Reduces Stake in Subsidiary, MDS Logistics Limited, to 43%

Valued Investor,

- On Tuesday, August 27, 2019, UAC of Nigeria Plc (hereafter referred to as "the Company") notified the Nigerian Stock Exchange, Securities and Exchange Commission, Shareholders and the investing community of its proposed part-sale (**Eight percent**) of shares in MDS Logistics Limited (MDS) to Imperial Logistics Limited (the "Imperial Logistics"). This is expected to increase the equity stake of Imperial Logistics in MDS to **57%** from 49% and have controlling interest in MDS logistics after the deal is consummated.
- Under the terms of the Transaction, Imperial logistics will transfer selected profitable contracts to MDS and pay USD2.4 million in cash to UACN Plc. The transaction was based on a USD40 million equity value for MDS.
- MDS is one of Nigeria's leading integrated logistics provider which serves as a critical supply chain to some of Nigeria's leading corporates while Imperial Logistics, is a company listed on the Johannesburg Stock Exchange in South Africa which mainly provides logistics in Africa and Eurozone, providing jobs over 25,000 people in 32 countries.

#### What's in it for UACN

Upon completion of the deal, UACN will effectively lose controlling interest in MDS Logistics and cease to be Parent company of MDS, having reduced its stake by 8%. Thus, MDS becomes an associate company to UACN and the former's financial result will be captured in UACN's group account as income from associate company (UACN to own 43% of MDS Logistics). Meanwhile, we expect the cash consideration to boost UACN's cash position which could be used to offset its debt burden which the company aggressively paid down in H1 2019. Also, we feel UACN's move was strategic as it leverages on the expertise of Imperial logistic by allowing it to lead the business it has comparative advantage in; hence, translating to higher profitability for UACN as profit from MDS increases.

We will keep you abreast of further development as the deal is still subject to regulatory approval.

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