

Equity Flash | CADBURY Proposes Additional Share Issuance

- ❖ In a recent statement released on 9th January 2024, Cadbury Nigeria Plc (**CADBURY**) has stated its intension to issue additional share capital of 402,082,657 ordinary shares at 50 kobo each, increasing its total share capital by 21.41% to NGN1.14bn.
- ❖ This development stemmed from an outstanding debt of USD7.72mn (c. NGN7.04bn) owed to its parent company - Cadbury Schweppes Overseas Limited (“Cadbury Schweppes Overseas”). In its resolution, the debt of NGN7.04bn would be converted to additional shareholding in **CADBURY**. This brings the total shareholding of Cadbury Schweppes Overseas to 1,810,214,310, approximately 79.39% in **CADBURY**. As such, free float is expected to decline to 20.59% which is still within NGX's free float requirement.
- ❖ The conversion of the total debt of NGN7.04bn is anticipated to reduce the company's total debt by 1.98% (vs NGN45.52bn in 2023FY) and by 10.06% (vs NGN49.61bn as of 9M:2023), bringing it down to NGN44.62bn in 2024FY. We note that the bulk of **CADBURY's** debt balance is on intercompany loans and import finance facilities. This reduction will positively impact the company's finance costs, ultimately enhancing its bottom line. However, we note the potential dilution to the company's existing shareholders and a likely reduction in earnings per share to NGN0.79 (from NGN0.95). Notwithstanding, we maintain our target price of NGN26.37 for 2024FY.

The proposed transaction is still subject to approval by the Board and relevant regulatory authorities. Kindly find the full details of the disclosure on the NGX [here](#).