



Event

Sustaining the strong momentum from the start of the year, Lafarge Africa Plc (“the Group”) delivered another stellar performance in H1 2025, with results showing remarkable growth. Revenue advanced 75% year-on-year, while profit after tax surged 352%. A key highlight of the period was the Group crossing the N100.00 billion net profit mark for the first time, closing at N132.68 billion.

Turning our focus to Q2 2025, volume improved, largely due to plant stability and higher capacity utilisation. This volume growth complemented the favourable product pricing in the quarter. Additionally, the Group launched ECOPlanet cement in the Western market in Q2 2025, following its initial launch in the East in 2024. This product also contributed to the revenue growth, as it accounted for over 50% of the sales in the West since its launch. Overall, the Group achieved a revenue growth of 70% to N268.63 billion (Q2 2024: N157.80 billion).

Cost saving initiatives gained traction in Q2 2025, with alternative fuel usage surging by 17% and clinker factor reducing by 1.20%. These measures slowed the growth of variable cost (which accounts for 63% of total cost). Specifically, variable cost rose by 19% year-on-year in Q2 2025, a slower growth when compared to 89% in Q1 2025. As a result, cost of goods growth moderated, posting a year-on-year jump of 26% in Q2 2025 (vs 55% in Q2 2024 and 74% quarter-on-quarter growth in Q1 2025). The combined effect of strong revenue growth and cost optimisation led to a significant 1200 basis points expansion in gross margin to 64% (Q2 2024: 52%).

Operating expenses (opex) grew by 61% year on year to N56.27 billion (Q2 2024: N34.88 billion), reflecting higher selling and marketing expenses (+46% year-on-year) and administrative expenses (+110% year-on-year). Despite this growth, opex margin contracted by 100 basis points to 21% (Q2 2024: 22%), due to the strong topline growth. Coupled with an impressive gross margin, this supported a 1500 basis point expansion in operating profit margin to 45% (Q2 2024: 30%). In absolute terms, operating profit was up by 148% to N120.75 billion (Q2 2024: N48.67 billion).

Total borrowings fell by 22% on a year-to-date basis to N1.74 billion from N2.21 billion in December 2024, following repayments made during the year. This reduction drove an 89% decline in finance costs, which dropped to N1.32 billion from N12.11 billion in Q2 2024. The decline was further supported by a 95% fall in bank charges, mainly reflecting lower letters of credit fees and other transactional charges, which eased to N540.90 million from N11.83 billion in Q2 2024.

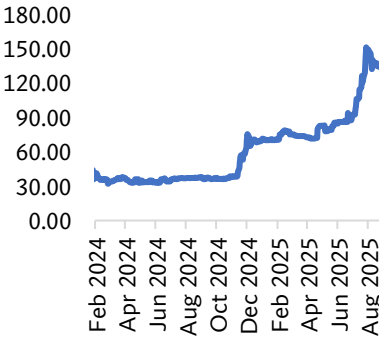
On the flip side, finance income surged 1,108% year on year to N5.34 billion from N51.68 million in Q2 2024, as the Group leveraged the elevated interest rate environment, supported by a cash balance of N210.01 billion. FX gains also inched up 5% to N1.99 billion from N1.90 billion in Q2 2024, reflecting the slight appreciation of the naira. Together, these factors drove a strong turnaround in non-operating profit, which closed at N5.88 billion compared to a loss of N9.78 billion in Q2 2024.

BUY

Fair Value Estimate: N154.23  
Total Return: +29%

Stock Data	
Current price (N)	125.00
Shares Outstanding (mn)	16,108
Market Cap (N'mn)	2,013,474
52-week high (N)	154.30
52-week low (N)	35.60
Trailing EPS (N)	6.22
Forward EPS (N)	16.43
Forward PE (X)	7.61
Justified PE Multiple (X)	9.39

Price Movement



Stock Data	FY 2023	FY 2024	FY 2025F
P/E	39.37x	20.11x	7.61x
P/BV	4.63x	3.99x	2.78x
PBT Margin	19%	2%	34%
PAT Margin	13%	1%	23%
RoE	12%	21%	43%
Dividend Yield	2%	1%	7%

Analysts

Isaac Osaro  
[i.osaro@wstc.com.ng](mailto:i.osaro@wstc.com.ng)

Oluwadamilola Pase  
[o.pase@wstc.com.ng](mailto:o.pase@wstc.com.ng)

Desmond Gabriel  
[d.gabriel@wstc.com.ng](mailto:d.gabriel@wstc.com.ng)

Habeeb Oladehinde  
[h.oladehinde@wstc.com.ng](mailto:h.oladehinde@wstc.com.ng)

Supported by robust gains in both operating and non-operating profit, profit before tax rose sharply by 234% to N126.62 billion from N37.92 billion in Q2 2024. Despite a 209% surge in tax expenses, the Group still delivered a 248% jump in net profit to N84.03 billion, compared to N24.16 billion. The effective tax rate moderated slightly to 34% from 36% in Q2 2024, cushioning the impact of higher tax charges on the bottom line.

### Q2 2025 Financial Performance

Income Statement (N'mn)	Q2 2025	Q2 2024	Growth (%)
<b>Revenue</b>	<b>268,627</b>	<b>157,803</b>	<b>70%</b>
Cost of sales	(95,834)	(75,811)	26%
<b>Gross profit</b>	<b>172,792</b>	<b>81,992</b>	<b>111%</b>
Other income	4,227	585	<b>623%</b>
<b>Operating income</b>	<b>177,019</b>	<b>82,577</b>	<b>112%</b>
Selling expense	(38,471)	(26,394)	46%
Admin expense	(17,802)	(8,483)	110%
<b>Operating expense</b>	<b>(56,274)</b>	<b>(34,876)</b>	<b>61%</b>
<b>Operating profit</b>	<b>120,611</b>	<b>47,704</b>	<b>153%</b>
<b>Non-operating profit/(loss)</b>	<b>5,878</b>	<b>(10,745)</b>	<b>-155%</b>
Finance income	5,337	(529)	1108%
Finance expense	(1,318)	(12,113)	-89%
FX cost	1,993	1,895	5%
Impairment reversal/(charge) on receivables	(134)	3	-4411%
<b>Profit before tax</b>	<b>126,623</b>	<b>37,920</b>	<b>234%</b>
Tax	(42,589)	(13,763)	209%
<b>Profit after tax</b>	<b>84,034</b>	<b>24,157</b>	<b>248%</b>

**Source:** Company Accounts, WSTC Research

## H1 2025 Financial Performance

Income Statement (N'mn)	H1 2025	H1 2024	Growth (%)
<b>Revenue</b>	<b>516,977</b>	<b>295,575</b>	<b>75%</b>
Cost of sales	(221,209)	(147,939)	50%
<b>Gross profit</b>	<b>295,768</b>	<b>147,637</b>	<b>100%</b>
Other income	4,722	1,657	185%
<b>Operating income</b>	<b>300,490</b>	<b>149,294</b>	<b>101%</b>
Selling expense	(77,409)	(53,648)	44%
Admin expense	(30,731)	(16,759)	83%
<b>Operating expense</b>	<b>(108,140)</b>	<b>(70,407)</b>	<b>54%</b>
<b>Operating profit</b>	<b>192,350</b>	<b>78,887</b>	<b>144%</b>
<b>Non-operating profit/(loss)</b>	<b>7,386</b>	<b>(32,258)</b>	<b>-123%</b>
Finance income	7,179	1,029	598%
Finance expense	(2,783)	(13,398)	-79%
FX gain/(loss)	3,070	(19,909)	-115%
Impairment reversal/(charge) on receivables	(80)	21	-486%
<b>Profit before tax</b>	<b>199,736</b>	<b>46,629</b>	<b>328%</b>
Tax	(67,059)	(17,279)	288%
<b>Profit after tax</b>	<b>132,677</b>	<b>29,350</b>	<b>352%</b>
Balance Sheet (N'mn)	H1 2025	H1 2024	Growth (%)
<b>Assets</b>			
PP & E	422,258	376,211	12%
Other Asset	229,349	120,718	90%
Inventory	115,769	84,056	38%
Receivables	12,649	9,142	38%
Cash	210,013	93,415	125%
Others	36,921	51,563	-28%
<b>Total Assets</b>	<b>1,026,959</b>	<b>735,105</b>	<b>40%</b>
<b>Liabilities</b>			
Loans & Borrowings	1,738	1,658	5%
Payables	324,424	243,839	33%
Others	147,240	55,811	164%
<b>Total Liabilities</b>	<b>473,401</b>	<b>301,308</b>	<b>57%</b>
<b>Net Assets</b>	<b>553,558</b>	<b>433,797</b>	<b>28%</b>

**Source:** Company Accounts, WSTC Research

## Outlook

The Group continues to innovate, with the launch of a new product – Ecocrete in Q3 2025. The new product is poised to contribute positively to revenue growth in 2025. Additionally, we remain optimistic about continued cost optimisation measures, hence we revise our gross margin and EBITDA margin to 53% and 38%, respectively (previously: 51% and 35%).

Accordingly, we revise our fair value for the stock upward to N154.23 (previously: N102.90). At the current price of N125.00, our fair value offers a total return of 29% (inclusive of a 7% dividend yield). Hence, we retain our **BUY** recommendation for the stock.

## Financial Projections

Income statement (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Revenue	405,503	696,758	1,156,731	1,677,260	2,264,301	2,830,376	3,339,843
EBITDA	129,238	222,305	434,487	634,114	816,438	1,022,702	1,219,060
EBIT	102,023	193,005	388,218	578,764	748,509	943,451	1,135,564
Profit before taxation (PBT)	80,695	152,519	393,716	579,914	751,388	946,926	1,138,928
Net profit (PAT)	51,141	100,145	264,584	394,342	510,944	643,910	774,471
EPS (₦)	3.17	6.22	16.43	24.48	31.72	39.98	48.08
DPS (₦)	1.90	1.20	6.57	11.02	15.86	21.99	28.85
Balance sheet (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Current assets	239,059	414,003	520,521	872,424	1,292,676	1,741,105	2,300,550
Non-current assets	442,313	576,507	633,016	682,679	754,066	803,777	818,677
Total assets	681,372	990,510	1,153,538	1,555,103	2,046,742	2,544,883	3,119,227
Current liabilities	208,963	408,846	325,587	438,865	597,223	707,209	861,080
Non-current liabilities	37,356	77,023	78,055	77,835	77,626	77,343	77,495
Shareholders' equity	435,052	504,641	749,895	1,038,403	1,371,893	1,760,331	2,180,652
Book value per share (₦)	27.01	31.33	46.55	64.47	85.17	109.28	135.38
Cash flow statement (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Cash from operating activities	150,897	212,011	172,620	460,244	593,921	726,110	976,159
Cash from investing activities	-36,835	-69,697	-50,548	-55,652	-67,898	-85,596	-82,162
Cash from financing activities	-65,613	-74,863	-26,087	-108,157	-179,534	-257,556	-355,788
Net increase/ (decrease) in cash	48,449	67,451	95,985	296,435	346,489	382,958	538,210
Free cash flow to equity	91,084	95,994	103,190	398,914	518,975	632,945	887,085
Ratio analysis	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
EBITDA margin	32%	32%	38%	38%	36%	36%	37%
Operating margin	25%	28%	34%	35%	33%	33%	34%
ROE	12%	21%	42%	44%	42%	41%	39%
ROA	8%	12%	25%	29%	28%	28%	27%
Dividend payout ratio (%)	60%	19%	40%	45%	50%	55%	60%

**Source:** Company Accounts, WSTC Research



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### Investment Recommendation

WSTC uses a 3-tier recommendation system for stocks under coverage: Buy, Hold, and Sell.

- Buy Rating: estimated fair value is  $\geq 20\%$  above current market price.
- Hold Rating: estimated change in price is between  $-10\%$  and  $19\%$  of current market price.
- Sell Rating: estimated change in price is  $\leq -10\%$  of current market price.

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WSTC Securities Limited has its registered office at 2, Maitama Sule Street, South-West Ikoyi, Lagos, Nigeria.

Email: [research@wstc.com.ng](mailto:research@wstc.com.ng)

Website: [www.wstc.com.ng](http://www.wstc.com.ng)

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