

CADBURY NIGERIA PLC



...Earnings Momentum to Strengthen as Cocoa Prices Ease

October 10, 2025



Earnings Note

Cadbury Nigeria Plc (the Group) delivered an impressive performance in the second quarter of 2025, with revenue rising by 44% to N40.02 billion from N27.75 billion in Q2 2024. The topline growth reflects the success of recent pricing adjustments and sustained demand across its core product categories, particularly in the domestic market.

The refreshment beverages segment remained the major growth driver, expanding by 58% year-on-year and accounting for 64% of total revenue. Confectionery followed closely, advancing by 72% and contributing 32% of total revenue. However, the intermediate cocoa products segment weakened, falling by 52% and representing only 3% of total revenue.

On the cost side, cost of sales rose to N30.32 billion from N23.15 billion, but at a slower pace than revenue, which supported improved profitability. Consequently, the cost margin moderated to 76% from 83%, lifting gross margin to 24% from 17%. In absolute terms, gross profit more than doubled to N9.71 billion from N4.60 billion, reflecting improved input cost management and more efficient sourcing.

Operating expenses stood at N2.70 billion compared to N2.42 billion in Q2 2024, driven largely by a 39% rise in selling and distribution expenses linked to intensified promotional activities. In contrast, administrative expenses declined sharply by 88% to N64 million from N518 million, following management’s restructuring and tighter overhead controls. Overall, operating profit rose to N6.59 billion from N1.97 billion, with the operating margin improving to 16% from 7%, reflecting stronger cost discipline and better operating leverage.

FX conditions also turned favourable. The Group recorded a foreign exchange gain of N71 million, compared to a N4.22 billion loss in the same period of 2024, as the Naira stabilised and translation losses eased. Interest expense dropped to N739 million from N1.23 billion, supported by a reduction in borrowings to N32.21 billion (H1 2024: N37.39 billion) and the settlement of certain lease obligations. Finance income increased modestly to N74 million from N55 million.

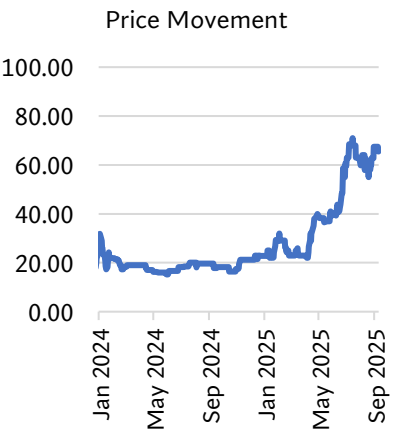
Supported by stronger revenue performance, leaner cost structure, and relief from FX and interest burdens, profit after tax surged to N4.20 billion, compared to a loss of N2.40 billion in Q2 2024. This marks a decisive turnaround, demonstrating that Cadbury’s operational recovery has transitioned into sustained earnings momentum.

BUY

Fair Value Estimate:
N86.74

Total Return: +27%

Stock Data	
Current price (N)	69.00
Shares Outstanding (mn)	2,280
Market Cap (N'mn)	157,340
52-week high (N)	73.90
52-week low (N)	16.40
Trailing EPS (N)	(9.75)
Forward EPS (N)	9.06
Forward PE (X)	7.62
Justified PE Multiple (X)	9.58x



Stock Data	FY 2023	FY 2024	FY 2025F
P/E	N/A	N/A	7.62x
P/BV	-2.55x	9.89x	6.28x
PBT Margin	-40%	-22%	16%
PAT Margin	-28%	-17%	11%
RoE	-1457%	761%	140%
Dividend Yield	0%	0%	1%

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Q2 2024 Financial Performance

Income Statement (N'mn)	Q2 2025	Q2 2024	(%)
Revenue	40,022	27,745	44%
Cost of Sales	(30,318)	(23,150)	31%
Gross Profit	9,705	4,595	111%
Other income /(expenses)	(415)	(204)	-103%
Operating income	9,290	4,391	112%
Selling and distribution expenses	(2,639)	(1,905)	39%
Administrative expense	(64)	(518)	-88%
Operating expenses	(2,703)	(2,422)	12%
Operating profit	6,587	1,968	235%
Non-Operating loss	(594)	(5,392)	-89%
Finance income	74	55	36%
Finance cost	(739)	(1,225)	-40%
FX gain/(loss)	71	(4,221)	102%
Profit/(loss) before tax	5,993	(3,423)	275%
Tax	(1,798)	1,027	-275%
Profit/(loss) after tax	4,195	(2,396)	275%

Source: Company Accounts, WSTC Research

Outlook

We expect Cadbury Nigeria to sustain its earnings momentum, supported by easing cocoa prices, disciplined cost management, and a more stable macroeconomic environment. These factors should help preserve margin gains achieved in recent quarters and strengthen overall profitability.

We project a profit after tax of N20.66 billion in FY 2025, compared to a loss after tax of N22.23 billion in FY 2024. Additionally, we anticipate a mild dividend payout ratio of 10% on EPS, marking a return to shareholder distribution after two years of suspension due to negative earnings.

Consequently, we raised our fair value estimate to N86.74 (previously N67.51). With the stock currently trading at N69.00, this implies a potential total return of 27%. We therefore maintain a **BUY** recommendation on the stock.

H1 2024 Financial Performance

Income Statement (N'mn)	H1 2025	H1 2024	(%)
Revenue	77,251	51,440	50%
Cost of Sales	(55,392)	(41,853)	32%
Gross Profit	21,859	9,587	128%
Other income /(expenses)	(24)	(216)	89%
Operating income	21,834	9,371	133%
Selling and distribution expenses	(4,900)	(3,389)	45%
Administrative expense	(661)	(1,255)	-47%
Operating expenses	(5,561)	(4,643)	20%
Operating profit	16,273	4,728	244%
Non-Operating loss	(1,738)	(18,608)	-91%
Finance income	146	225	-35%
Finance cost	(2,133)	(3,067)	-30%
FX gain/(loss)	249	(15,766)	102%
Profit/(loss) before tax	14,535	(13,880)	205%
Tax	(4,361)	4,164	-205%
Profit/(loss) after tax	10,175	(9,716)	205%
Balance Sheet (N'mn)	H1 2025	H1 2024	(%)
Assets			
PPE	18,547	15,362	21%
Inventory	34,512	18,306	89%
Receivables	8,734	10,305	-15%
Prepayments	973	819	19%
Cash	8,459	14,135	-40%
Others	16,357	8,529	92%
Total Assets	87,583	67,456	30%
Liabilities			
Borrowings	32,210	37,400	-14%
Payables	36,058	30,582	18%
Others	4,761	(3,060)	-256%
Total Liabilities	73,029	64,922	12%
Net Assets	14,554	2,534	474%

Sources: Company Accounts, WSTC Research

Financial Projections

Income statement (NGN mn)	2023	2024	2025F	2026F	2027F	2028F	2029F	2030F
Revenue	80,379	129,165	167,967	234,294	317,455	409,263	509,381	616,122
EBITDA	9,538	7,887	36,949	49,985	69,451	90,318	114,378	139,325
EBIT	7,872	5,961	34,175	46,390	64,258	84,070	106,555	129,725
Profit before taxation (PBT)	(32,252)	(28,326)	30,377	43,888	62,696	83,918	107,515	131,404
Net profit (PAT)	(22,446)	(22,225)	20,657	29,844	42,633	57,064	73,110	89,355
EPS (₦)	(11.95)	(9.75)	9.06	13.09	18.70	25.03	32.06	39.19
DPS (₦)	0.00	0.00	0.91	1.96	3.74	6.26	9.62	13.72
Balance sheet (NGN mn)	2023	2024	2025F	2026F	2027F	2028F	2029F	2030F
Current assets	40,298	39,358	64,496	91,825	132,934	184,664	246,273	315,133
Non-current assets	24,155	33,086	35,656	38,094	40,933	45,243	51,072	56,752
Total assets	64,453	72,444	100,152	129,919	173,867	229,907	297,345	371,885
Current liabilities	73,924	67,242	74,293	76,235	81,978	89,412	97,660	104,364
Non-current liabilities	751	823	823	870	918	987	1,332	1,747
Shareholders' equity	(10,222)	4,379	25,036	52,814	90,971	139,508	198,353	265,774
Book value per share (₦)	(5.44)	1.92	10.98	23.16	39.89	61.18	86.99	116.55
Cash flow statement (NGN mn)	2023	2024	2025F	2026F	2027F	2028F	2029F	2030F
Cash from operating activities	5,255	22,825	20,554	54,117	75,852	95,050	112,857	139,362
Cash from investing activities	(1,433)	(4,498)	(4,797)	(5,184)	(6,959)	(9,195)	(11,869)	(13,116)
Cash from financing activities	(9,473)	(13,625)	(4,152)	(4,402)	(9,290)	(13,072)	(17,922)	(25,908)
Net increase/ (decrease) in cash	(8,109)	1,986	4,761	29,923	41,539	46,727	50,760	60,158
Free cash flow	(899)	15,176	8,367	33,476	49,757	58,434	66,900	83,902
Ratio analysis	2023	2024	2025F	2026F	2027F	2028F	2029F	2030F
EBITDA margin	12%	6%	19%	21%	22%	22%	22%	23%
Operating margin	10%	5%	18%	20%	20%	21%	21%	21%
ROE	-1457%	761%	140%	77%	59%	50%	43%	39%
ROA	-36%	-32%	24%	26%	28%	28%	28%	27%
Dividend payout ratio (%)	0%	0%	10%	15%	20%	25%	30%	35%

Source: Company Accounts, WSTC Research



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- 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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