

GUINNESS NIGERIA PLC

...Solidifying Its Turnaround as FX Pressures Ease



October 09, 2025.



Earnings Note

Event

Guinness Nigeria Plc (“the Group”) delivered yet another strong performance in Q4 2025. Operating profit and profit after tax rose to N18.16 billion and N9.48 billion respectively, up 467% and 37% from N3.21 billion and N6.90 billion in Q4 2024. The improvement reflects sustained pricing power, volume resilience across key categories, and tighter cost control. The market reacted strongly to the earnings, with the stock gaining 109% in Q3 2025 following the release. Nevertheless, we maintain a **HOLD** rating with a revised fair value of N198.62 (previously N109.90). At the current price of N183.75, we project a total return of 11% including a 3% dividend yield.

Revenue climbed 50% year-on-year to N118.66 billion from N79.19 billion in Q4 2024. The growth was supported by improved price realisation across premium and mainstream beer categories, as well as continued strength in non-alcoholic and ready-to-serve beverages. These segments benefited from a mix of lifestyle-driven consumption and strategic brand repositioning that is attracting younger and more urban consumers.

Gross profit rose by 88% to N44.86 billion, pushing gross margin to 38% from 30% in Q4 2024. The margin expansion was largely underpinned by lower input cost pressure and better procurement planning. The decision to lock in annual sorghum purchases insulated production costs from price shocks, while an improved sales mix tilted toward higher-margin products. Despite cost of sales printing 30% higher, cost margin declined to 62% from 70%.

Operating profit surged in line with the top-line and margin expansion, advancing by 467% to N18.16 billion. Operating expenses grew by 29% due to intensified marketing and distribution efforts, alongside moderate growth in administrative costs. However, the 1,100-basis point rise in operating profit margin to 15% (from 4%) highlights the Group’s sharper operational discipline and better operating leverage despite sustained brand investment.

The bottom line also saw a reversal, with profit before tax climbing to N13.55 billion from a loss of N13.21 billion in Q4 2024, representing an 11% margin. A key driver was the sharp 98% drop in the FX loss, which fell to N281.00 million from N15.71 billion in Q4 2024, reflecting the relative stability of the foreign exchange market during the quarter.

Net finance costs saw a huge jump of 519%. This was largely due to a 231% spike in interest expense, to N4.38 billion from N1.32 billion in Q4 2024, as the Group added more short-term debt to fund working capital. On the flip side, finance income declined by 92% to N49.00 million (Q4 2024: N622.00 million), primarily due to lower cash balances. Furthermore, tax dynamics shifted notably, with the Group moving from a tax credit of N20.11 billion in Q4 2024 to a tax expense of N4.07 billion in Q4 2025.

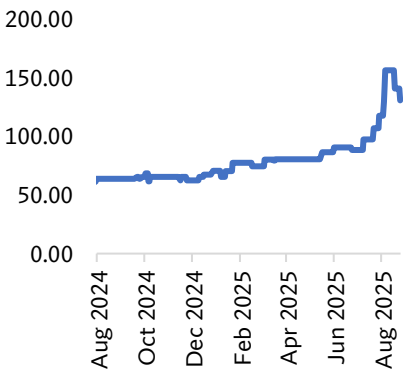
HOLD

Fair Value Estimate:
N198.62

Total return: **+11%**

Stock Data	
Current price (N)	183.75
Shares Outstanding (mn)	2,190
Market Cap (N'mn)	402,483
52-week high (N)	183.90
52-week low (N)	61.20
Trailing EPS (N)	(25.00)
Forward EPS (N)	17.33
Forward PE (X)	10.61
Justified PE Multiple (X)	11.46

Price Movement



Stock Data	FY 2023	FY 2024	FY 2025F
P/E	N/A	24.84x	10.61x
P/BV	186.21x	21.92x	10.03x
PBT Margin	-25%	6%	7%
PAT Margin	-18%	3%	5%
RoE	-187%	158%	130%
Dividend Yield	0%	0%	3%

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Q4 2025 Financial Performance

Income Statement (N'mn)	Q4 2025	Q4 2024	(%)
Revenue	118,663	79,187	50%
Cost	(73,805)	(55,388)	33%
Gross profit	44,858	23,799	88%
Other income	32	112	-71%
Operating income	44,890	23,911	88%
Marketing expense	(18,928)	(14,423)	31%
Admin expense	(7,800)	(6,283)	24%
Operating expense	(26,729)	(20,706)	29%
Operating profit	18,161	3,205	467%
Non-operating income/(expense)	(4,613)	(16,429)	-72%
Net charge for expected credit loss on financial assets	0	(16)	-100%
FX loss	(281)	(15,713)	-98%
Finance income	49	622	-92%
Finance cost	(4,382)	(1,322)	231%
Profit/(loss) before tax	13,548	(13,224)	202%
Income tax	(4,069)	20,109	-120%
Profit/(loss) after tax	9,480	6,885	38%

Source: Company Accounts, WSTC Research

Outlook

Guinness Nigeria appears set to sustain its profitability momentum through the remaining six months of the extended 18-month financial period ending December 2025. The Group's performance will continue to benefit from stable pricing and effective cost control. Seasonal demand in the final quarter of 2025 should further support topline performance, while the annual sourcing of sorghum and improved energy efficiency are expected to help maintain current margin levels. The Group's disciplined approach to cost management and investment in brand visibility should also underpin earnings stability through the remainder of the period.

For the transition period ending December 2025, we project a revenue of N815.21 billion and a profit after tax of N37.95 billion, representing a strong turnaround from the N54.77 billion loss recorded in FY 2024. However, as the Group returns to a 12-month reporting cycle from 2026, revenue is expected to decline temporary on a year-on-year comparison due to the shorter accounting period. Nonetheless, profit after tax is projected to grow by 23%, supported by the dissipation of the FX losses that weighed heavily on performance in the past two years, alongside stronger operating leverage and better funding cost management.

12M 2025 Financial Performance

Income Statement (N'mn)	12M 2025	FY 2024	(%)
Revenue	496,605	299,490	66%
Cost	(348,216)	(208,031)	67%
Gross profit	148,389	91,459	62%
Other income	221	3,177	-93%
Operating income	148,610	94,636	57%
Marketing expense	(69,451)	(49,690)	40%
Admin expense	(31,747)	(19,523)	63%
Operating expense	(101,197)	(69,213)	46%
Operating profit	47,412	25,423	86%
Non-operating income/(expense)	(19,479)	(99,103)	-80%
Net charge for expected credit loss on financial assets	0	(16)	-100%
FX loss	(1,313)	(92,992)	-99%
Finance income	422	2,474	-83%
Finance cost	(18,588)	(8,569)	117%
Profit/(loss) before tax	27,934	(73,680)	138%
Income tax	(11,731)	18,913	-162%
Profit/(loss) after tax	16,203	(54,767)	130%
Balance Sheet (N'mn)	12M 2025	FY 2024	(%)
Assets			
PP & E	115,033	101,321	14%
Inventories	76,777	41,857	83%
Receivables	48,749	13,226	269%
Prepayments	9,419	1,561	503%
Cash	4,048	45,804	-91%
Others	19,484	22,360	-13%
Total Assets	273,510	226,130	21%
Liabilities			
Borrowings	58,701	40,133	46%
Payables	182,215	175,905	4%
Others	14,229	7,931	79%
Total Liabilities	255,145	223,969	14%
Net Assets	18,365	2,161	750%

Source: Company Accounts, WSTC Research

Financial Projections

Income statement (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Revenue	229,441	299,490	815,208	643,402	791,255	944,476	1,128,190	1,344,113	1,592,774
EBITDA	32,849	35,504	92,094	90,571	105,840	128,035	149,824	180,893	211,080
EBIT	23,367	25,423	79,100	75,959	89,854	107,962	126,988	153,700	180,464
Profit before taxation (PBT)	(22,139)	(73,680)	59,912	68,604	85,303	105,883	126,794	156,859	186,409
Net profit (PAT)	(18,168)	(54,767)	37,948	46,650	58,006	72,001	86,220	106,664	126,758
EPS (₦)	(8.29)	(25.00)	17.33	21.30	26.48	32.87	39.36	48.70	57.87
DPS (₦)	0.00	0.00	5.20	6.39	7.94	9.86	11.81	14.61	17.36
Balance sheet (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Current assets	141,803	103,556	144,558	139,020	173,350	210,544	252,710	310,315	380,973
Non-current assets	99,945	122,575	145,205	148,769	152,109	155,589	160,315	164,621	168,939
Total assets	241,748	226,130	289,763	287,789	325,459	366,133	413,026	474,936	549,912
Current liabilities	183,671	222,685	271,557	249,395	260,634	269,087	278,025	290,777	308,451
Non-current liabilities	1,652	1,284	1,393	1,342	2,968	3,321	3,743	4,240	4,812
Shareholders' equity	56,425	2,161	40,110	75,376	119,387	173,986	238,606	319,403	414,162
Book value per share (₦)	25.76	0.99	18.31	34.41	54.51	79.43	108.93	145.82	189.08
Cash flow statement (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Cash from operating activities	34,380	80,140	(6,097)	51,683	84,461	83,199	79,935	97,124	110,814
Cash from investing activities	(6,317)	(6,222)	61,609	(11,065)	(13,032)	(17,728)	(21,552)	(24,329)	(26,417)
Cash from financing activities	(8,885)	(123,799)	(90,005)	(40,870)	(27,210)	(25,204)	(29,478)	(27,464)	(33,260)
Net increase/ (decrease) in cash	19,178	(49,881)	(34,494)	(253)	44,219	40,267	28,905	45,331	51,137
Free cash flow to equity	23,658	(52,202)	(124,798)	4,150	52,077	52,033	44,720	64,296	74,938
Ratio analysis	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
EBITDA margin	14%	12%	11%	14%	13%	14%	13%	13%	13%
Operating margin	10%	8%	10%	12%	11%	11%	11%	11%	11%
ROE	-25%	-187%	180%	81%	60%	49%	42%	38%	35%
ROA	-8%	-23%	15%	16%	19%	21%	22%	24%	25%
Dividend payout ratio (%)	0%	0%	30%	30%	30%	30%	30%	30%	30%

Source: Company Accounts, WSTC Research



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