

INTERNATIONAL BREWERIES PLC



...A return to Profitability on the Back of Strategic Restructuring

October 14, 2025.



Earnings Note

Event

International Breweries Plc (“the Group”) made a strong recovery in Q2 2025, recording a profit after tax of N11.91 billion, a significant turnaround from the N46.39 billion loss in Q2 2024. This performance was driven not just by better figures but also by a year of decisive decisions, strategic changes, and operational discipline.

Revenue for the quarter rose by 39% year-on-year to N167.36 billion, up from N119.98 billion in Q2 2024. This growth was driven by a combination of improved route-to-market execution, modest recovery in sales volume, and a favourable pricing mix across the Group’s core product portfolio.

Cost of sales increased at a slower pace than revenue, grew by 22% year-on-year to N105.41 billion. This represents a significant shift from Q2 2024 (grew by 109% to N86.23 billion), when cost inflation outpaced revenue growth. We attribute this improvement to enhanced operational efficiency, partial localisation of raw materials, and the successful transition from diesel to compressed natural gas (CNG) across several manufacturing sites. As a result, gross profit jumped by 84% year-on-year to N61.95 billion (Q2 2024: N33.76 billion), with gross margin expanding by 9% to 37%, the Group’s highest margin in over six quarters.

Operating expenses remained elevated, rising by 21% to N31.78 billion (Q2 2024: N26.31 billion). A breakdown reveals a 20% uptick in marketing and promotional spending, reflecting the Group’s continued investment in brand visibility and market share protection. Administrative expenses also jumped by 24%, stemming from employee benefit expenses and management fees. Despite the cost pressures, the Group’s strong top-line performance helped cushion the impact as operating profit margin rose markedly to 19% (Q2 2024: 9%). As a result, operating profit soared by 193%, amounting to N31.00 billion (Q2 2024: N10.59 billion)

A key highlight of the quarter was the significant reduction in net finance costs, which fell by 91% to N1.94 billion (Q2 2024: N21.91 billion). This was largely attributable to the Group’s successful capital restructuring in the previous year, which included a \$379.90 million debt-to-equity conversion and a N588.00 billion rights issue. Foreign exchange losses, which had previously weighed heavily on profitability, were sharply curtailed during this quarter. The Group reported FX losses of just N6.46 billion, an improvement of 87% (Q2 2024: N49.56 billion loss). We attributed this to a more stable exchange rate environment and proactive treasury management.

As a result of these improvements, International Breweries posted a profit before tax of N26.46 billion (Q2 2024: N60.88 billion loss) and a profit after tax of N11.91 billion for Q2 2025 (Q2 2024: N46.3 billion loss). Earnings per share recovered to N0.07, which reversed the Q2 2024 loss per share of N1.73.

HOLD

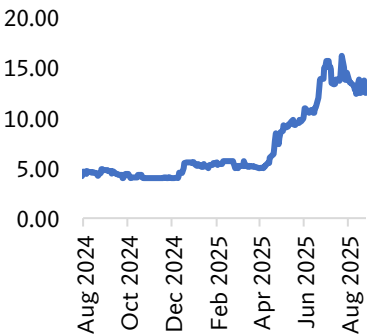
Fair Value Estimate:
N13.08

Total Return: -6%

Stock Data

Current price (N)	14.00
Shares Outstanding (mn)	168,291
Market Cap (N'mn)	2,356,074
52-week high (N)	16.20
52-week low (N)	3.70
Trailing EPS (N)	(4.23)
Forward EPS (N)	0.59
Forward PE (X)	23.61
Justified PE Multiple (X)	22.04

Price Movement



Stock Data

	FY 2023	FY 2024	FY 2025F
P/E	n/a	n/a	23.61x
P/BV	1.07x	0.26x	4.29x
PBT Margin	-37%	-23%	20%
PAT Margin	-27%	-23%	14%
RoE	n/a	n/a	19%
Dividend Yield	n/a	n/a	1%

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Q2 2025 Financial Performance

Income Statement (N'mn)	Q2 2025	Q2 2024	(%)
Revenue	167,363	119,983	39%
Cost of sales	(105,413)	(86,226)	22%
Gross profit	61,949	33,757	84%
Other income	827	3,136	-74%
Operating income	62,777	36,893	70%
Administrative, marketing and distribution expenses	(31,780)	(26,308)	21%
Operating profit	30,997	10,585	193%
Non-operating profit/(loss)	(4,536)	(71,466)	-94%
Net impairment on financial assets	(22)	2	-1288%
Finance income	3,886	1,795	116%
Finance cost	(1,946)	(23,701)	-92%
Net foreign exchange losses	(6,455)	(49,562)	-87%
(Loss)/Profit before tax	26,460	(60,881)	143%
Income tax	(14,549)	14,489	-200%
(Loss)/Profit after tax	11,911	(46,391)	126%

Source: Company Accounts, WSTC Research

Outlook

Looking ahead, we expect International Breweries to sustain its earnings momentum through H2 2025, underpinned by improved cost efficiency, strengthened balance sheet, and a more stable FX environment. The Group is well-positioned to capture seasonal demand in Q4, driven by increased consumption during the festive period and renewed marketing focus on its premium and value brands.

We anticipate further benefits from the ongoing localisation of raw material sourcing and the transition to CNG-powered operations, both of which should help mitigate foreign exchange exposure and support margin stability. In addition, the capital restructuring executed has effectively reset the Group's capital structure, creating room for operational flexibility and sustainable profitability going forward.

For FY 2025, we project revenue at N707.99 billion (up 45% year-on-year) and profit after tax at N100.02 billion - marking the Group's first full-year profit since 2017. Beyond this, we expect earnings sustainability as operational leverage deepens, and finance costs remain structurally lower.

Our fair value estimate stands at N13.08 (previously N12.48), translating to a forward P/E of 23.61x and a justified P/E of 22.00x. At a current market price of N14.00, this implies a modest downside potential of 6%. However, following a 173% rally in Q2 2025, we believe the current valuation already reflects much of the near-term optimism. Accordingly, we recommend a **HOLD**, while noting that medium-term upside could re-emerge as the Group consolidates its turnaround and sustains profitability momentum.

H1 2025 Financial Performance

Income Statement (N'mn)	H1 2025	H1 2024	(%)
Revenue	340,990	223,199	53%
Cost of sales	(219,412)	(160,587)	37%
Gross profit	121,578	62,612	94%
Other income	719	7,993	-91%
Operating income	122,297	70,605	73%
Administrative, marketing and distribution expenses	(59,270)	(48,176)	23%
Operating profit	63,027	22,429	181%
Non-operating profit/(loss)	(1,500)	(172,663)	-99%
Net impairment on financial assets	(44)	17	-365%
Finance income	9,375	2,655	253%
Finance cost	(3,902)	(33,336)	-88%
Net foreign exchange losses	(6,928)	(141,999)	-95%
(Loss)/Profit before tax	61,527	(150,235)	-141%
Income tax	(20,239)	43,452	-147%
(Loss)/Profit after tax	41,288	(106,783)	-139%
Balance Sheet (N'mn)	H1 2025	H1 2024	(%)
Assets			
PP & E	318,479	262,089	22%
Inventories	93,744	57,575	63%
Receivables	123,301	45,710	170%
Investment securities	0	27,000	-100%
Cash	86,636	185,646	-53%
Others	84,488	127,004	-33%
Total Assets	706,647	705,024	0%
Liabilities			
Borrowings	28,528	17,790	60%
Payables	178,675	230,060	-22%
Others	9,243	4,795	93%
Total Liabilities	216,446	252,645	-14%
Net Assets	490,202	452,379	8%

Source: Company Accounts, WSTC Research

Financial Projections

Income statement (NGN mn)	FY 2022	FY2023	FY 2024F	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Revenue	218,650	260,598	488,956	707,987	955,783	1,242,517	1,553,147	1,863,776
EBITDA	36,034	41,203	95,490	193,652	271,178	339,992	419,609	499,695
EBIT	(6,913)	150	45,529	140,429	191,634	242,838	309,030	381,897
Profit before taxation (PBT)	(26,844)	(97,267)	(111,820)	142,884	193,055	240,057	305,610	373,489
Net profit (PAT)	(21,626)	(70,026)	(113,614)	100,019	135,138	168,040	213,927	261,442
EPS (₦)	(0.81)	(2.61)	(4.23)	0.59	0.80	1.00	1.27	1.55
DPS (₦)	0.00	0.00	0.00	0.12	1.01	1.56	2.39	2.92
Balance sheet (NGN mn)	FY 2022	FY2023	FY 2024F	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Current assets	180,326	385,609	338,578	342,435	516,530	746,790	982,093	1,244,386
Non-current assets	303,926	338,889	389,294	422,445	429,878	434,610	443,623	450,698
Total assets	484,252	724,497	727,872	764,880	946,408	1,181,400	1,425,716	1,695,085
Current liabilities	210,841	590,601	256,229	198,028	243,498	313,365	339,017	343,836
Non-current liabilities	156,080	18,489	22,729	18,064	18,984	16,069	20,806	23,913
Shareholders' equity	117,330	115,407	448,914	548,934	684,072	852,112	1,066,040	1,327,482
Book value per share (₦)	4.37	4.30	16.71	3.26	4.06	5.06	6.33	7.89
Cash flow statement (NGN mn)	FY 2022	FY2023	FY 2024F	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Cash from operating activities	42,667	76,957	149,381	59,933	247,334	327,400	338,415	380,906
Cash from investing activities	(66,524)	51,888	(89,715)	(67,990)	(76,144)	(91,650)	(110,460)	(116,331)
Cash from financing activities	(6,920)	(32,497)	(81,054)	(13,558)	(4,774)	(3,582)	3,811	1,305
Net increase/ (decrease) in cash	(30,777)	96,348	(21,388)	(21,614)	166,415	232,168	231,766	265,879
Free cash flow to equity	(22,530)	(115)	(519,585)	(38,583)	158,450	224,417	225,740	261,065
Ratio analysis	FY 2022	FY2023	FY 2024F	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
EBITDA margin	16%	16%	20%	27%	28%	27%	27%	27%
Operating margin	-3%	0%	9%	20%	20%	20%	20%	20%
ROE	n/a	n/a	n/a	20%	22%	22%	22%	22%
ROA	n/a	n/a	n/a	13%	16%	16%	16%	17%
Dividend payout ratio (%)	0%	0%	0%	20%	20%	25%	30%	30%

Source: Company Accounts, WSTC Research



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- 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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