

# NASCON ALLIED INDUSTRIES PLC



... Sustaining the Momentum: Earnings Strength Anchored by Margin Expansion

October 17, 2025.

Earnings Note

## Event

In Q2 2025, Nascon Allied Industries Plc (“the Group”) delivered a strong performance, with revenue rising by 35% to N36.30 billion from N26.81 billion in Q2 2024. The growth stemmed from a mix of strategic price adjustments and improved sales volumes, though pricing remained the primary driver.

The Northern region retained its position as the Group’s strongest market, contributing 78% of total revenue and recording a 47% year-on-year uplift. This reflects Nascon’s solid distribution network and brand strength across the region. The Western region accounted for 16% of total revenue, while the Eastern region posted a modest 6% growth.

With inflationary pressures easing, cost of sales grew slightly by 5% to N16.81 billion from N15.95 billion in Q2 2024. A closer look shows that raw materials consumed, and manufacturing expenses rose by 5% and 10%, respectively. This modest cost movement reinforces our earlier view that the revenue performance was largely driven by pricing rather than volume-led. Consequently, gross profit advanced by 79% to N19.49 billion from N10.86 billion in Q2 2024, with gross margin improving to 54% from 41%.

Operating expenses climbed 29% year-on-year to N8.45 billion from N6.55 billion in Q2 2024. By segment, selling and distribution expenses expanded by 23%, while administrative expenses advanced 46%, largely due to higher branding and delivery costs.

Despite the uptick in operating expenses, the Group maintained strong operational momentum, with operating profit doubling to N10.90 billion from N5.42 billion in Q2 2024. Operating margin improved to 30% from 20%, reflecting continued cost discipline and pricing efficiency.

Net finance income staged a remarkable turnaround, printing at N1.07 billion from a loss of N28 million in Q2 2024. This was supported by a substantial lift in finance income, with investment income surging 428% year-on-year to N1.27 billion (Q2 2024: N240 million), reflecting stronger yields on cash balances and short-term placements. Interest expenses, on the other hand, eased 25% to N201 million (Q2 2024: N268 million), which is in line with a 74% year-on-year reduction in short-term borrowings to N1.10 billion from N4.20 billion as at H1 2024.

The combination of stronger finance income and solid operating performance delivered impressive earnings momentum. Profit before tax more than doubled to N11.97 billion from N5.39 billion, while profit after tax mirrored the trend, climbing 122% to N8.02 billion from N3.61 billion in Q2 2024.

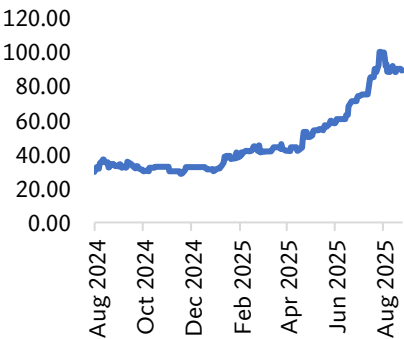
# HOLD

Fair Value Estimate:  
N108.53

Total Return: +14%

Stock Data	
Current price (N)	100.00
Shares Outstanding (mn)	2,702
Market Cap (N'mn)	270,243
52-week high (N)	108.00
52-week low (N)	28.00
Trailing EPS (N)	5.77
Forward EPS (N)	13.28
Forward PE (X)	7.53
Justified PE Multiple (X)	8.17

Price Movement



Stock Data	FY 2023	FY 2024	FY 2025F
P/E	19.68x	17.34x	7.53x
P/BV	9.64x	6.28x	3.67x
PBT Margin	25%	20%	30%
PAT Margin	17%	13%	20%
RoE	59%	44%	62%
Dividend Yield	1%	2%	5%

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## 2025 Quarterly Trend

Income Statement (N'mn)	Q2 2025	Q2 2024		Q1 2025	Q1 2024
Revenue	36,303	26,814		41,853	23,618
<b>Revenue growth</b>	<b>35%</b>			<b>77%</b>	
Gross profit	19,489	10,865		11,158	11,158
<b>Gross margin</b>	<b>54%</b>	<b>41%</b>		<b>43%</b>	<b>47%</b>
Operating profit	11,175	4,330		4,834	4,834
<b>Operating margin</b>	<b>31%</b>	<b>16%</b>		<b>25%</b>	<b>21%</b>
Net Profit	8,019	3,613		7,523	1,232
<b>Net margin</b>	<b>22%</b>	<b>13%</b>		<b>18%</b>	<b>5%</b>

**Source:** Company Accounts, WSTC Research

## Q2 2025 Financial Performance

Income Statement (N'mn)	Q2 2025	Q2 2024	(%)
<b>Revenue</b>	<b>36,303</b>	<b>26,814</b>	<b>35%</b>
Cost of sales	(16,814)	(15,947)	5%
<b>Gross profit</b>	<b>19,489</b>	<b>10,866</b>	<b>79%</b>
Other income	155	14	972%
<b>Operating income</b>	<b>19,644</b>	<b>10,881</b>	<b>81%</b>
Selling and distribution expense	(6,002)	(4,860)	23%
Admin expense	(2,467)	(1,691)	46%
<b>Operating expense</b>	<b>(8,469)</b>	<b>(6,551)</b>	<b>29%</b>
<b>Operating profit</b>	<b>11,175</b>	<b>4,330</b>	<b>158%</b>
<b>Non-operating profit/(loss)</b>	<b>794</b>	<b>1,062</b>	<b>-25%</b>
Other gain/(loss)	(262)	5	-5122%
Interest income	1,267	240	428%
Interest expense	(201)	(268)	-25%
FX gains/(losses)	(11)	1,085	-101%
<b>Profit before tax</b>	<b>11,969</b>	<b>5,392</b>	<b>122%</b>
Income tax	(3,950)	(1,779)	122%
<b>Profit after tax</b>	<b>8,019</b>	<b>3,613</b>	<b>122%</b>

**Source:** Company Accounts, WSTC Research

## H1 2025 Financial Performance

Income Statement (N'mn)	H1 2025	H1 2024	(%)
<b>Revenue</b>	<b>78,156</b>	<b>50,432</b>	<b>55%</b>
Cost of sales	(40,770)	(28,408)	44%
<b>Gross profit</b>	<b>37,385</b>	<b>22,024</b>	<b>70%</b>
Other income	178	116	53%
<b>Operating income</b>	<b>37,564</b>	<b>22,140</b>	<b>70%</b>
Selling and distribution expense	(11,121)	(9,854)	13%
Admin expense	(4,525)	(3,122)	45%
<b>Operating expense</b>	<b>(15,647)</b>	<b>(12,976)</b>	<b>21%</b>
<b>Operating profit</b>	<b>21,917</b>	<b>9,164</b>	<b>139%</b>
<b>Non-operating profit/(loss)</b>	<b>1,363</b>	<b>(1,933)</b>	<b>-170%</b>
Other gain/(loss)	(262)	5	-5122%
Interest income	2,366	659	259%
Interest expense	(413)	(626)	-34%
FX gains/(losses)	(329)	(1,971)	-83%
<b>Profit before tax</b>	<b>23,279</b>	<b>7,231</b>	<b>222%</b>
Income tax	(7,682)	(2,386)	222%
<b>Profit after tax</b>	<b>15,597</b>	<b>4,845</b>	<b>222%</b>
Balance Sheet (N'mn)	H1 2025	H1 2024	(%)
<b>Assets</b>			
PP & E	11,823	13,059	-9%
Inventory	18,512	11,404	62%
Receivables	38,807	41,161	-6%
Cash	36,569	12,234	199%
Others	5,916	6,926	-15%
<b>Total Assets</b>	<b>111,627</b>	<b>84,784</b>	<b>32%</b>
<b>Liabilities</b>			
Loans & Borrowings	4,957	8,308	-40%
Payables	35,217	34,496	2%
Others	18,205	9,663	88%
<b>Total Liabilities</b>	<b>58,379</b>	<b>52,468</b>	<b>11%</b>
<b>Net Assets</b>	<b>53,248</b>	<b>32,317</b>	<b>65%</b>

Source: Company Accounts, WSTC Research



## Outlook

Looking ahead, we expect the Group to sustain its growth momentum into the second half of 2025, supported by steady volume gains and resilient market demand. The Group's strong distribution network, entrenched brand loyalty, and pricing discipline should continue to underpin topline expansion.

On the cost side, the outlook remains favourable. Input cost pressures are expected to ease further as inflation moderates and energy prices decline, supporting continued margin expansion through the rest of the year.

We project FY 2025 revenue at N176.94 billion and profit after tax at N35.90 billion, translating to an EPS of N13.28 (FY 2024: N5.77) and a PAT margin of 20% (FY 2024: 13%). We also forecast a dividend payout ratio of 39%, reflecting the Group's stronger earnings capacity and improved cash flow generation.

Our updated valuation places the stock's fair value at N108.53 (previously N69.35). At the current market price of N100.00, the implied upside is 14% (inclusive of a 5% dividend yield), prompting us to maintain our **HOLD** recommendation. While the short-term upside appears limited as the market has priced in expectations ahead of the forthcoming Q3 earnings release in October, the medium-term outlook remains positive, anchored by operational efficiency and margin resilience.

## 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	80,828	120,387	176,940	239,196	310,955	388,107	465,251	534,475	597,976
EBITDA	23,352	27,680	53,503	74,940	96,956	121,044	145,776	167,114	187,142
EBIT	20,868	25,100	49,752	71,879	92,976	116,076	139,821	160,273	179,488
Profit before taxation (PBT)	20,588	23,651	53,611	73,824	95,418	119,798	144,101	165,056	184,928
Net profit (PAT)	13,728	15,584	35,901	49,437	63,898	80,224	96,499	110,531	123,839
EPS (₦)	5.18	5.77	13.28	18.29	23.64	29.69	35.71	40.90	45.83
DPS (₦)	1.00	2.00	5.20	7.16	9.46	11.87	15.00	18.41	22.91
Balance sheet (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Current assets	49,464	62,421	111,272	140,584	182,082	235,819	294,833	366,884	436,286
Non-current assets	16,222	16,081	15,869	16,156	16,529	16,801	17,126	17,233	17,951
Total assets	65,686	78,502	127,141	156,740	198,611	252,619	311,959	384,117	454,237
Current liabilities	31,754	26,337	44,458	38,628	35,814	35,396	30,562	33,304	29,604
Non-current liabilities	6,460	9,110	9,131	9,180	9,324	9,085	8,849	8,264	7,984
Long-term debt	39	39	39	39	39	39	39	39	39
Shareholders' equity	27,472	43,055	73,552	108,932	153,473	208,138	272,548	342,549	416,649
Book value per share (₦)	10.37	16.25	27.22	40.31	56.79	77.02	100.85	126.76	154.18
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	20,051	4,165	36,371	42,167	58,650	79,667	91,158	109,593	120,794
Cash from investing activities	(895)	(562)	1,224	(1,047)	(1,337)	(1,063)	(1,532)	(1,772)	(2,584)
Cash from financing activities	(6,321)	(4,217)	(7,991)	(14,385)	(19,839)	(26,401)	(32,912)	(41,628)	(50,513)
Net increase/ (decrease) in cash	12,835	(615)	29,605	26,735	37,474	52,202	56,714	66,193	67,697
Ratio analysis (%)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
EBITDA margin	29%	23%	30%	31%	31%	31%	31%	31%	31%
Operating margin	26%	21%	28%	30%	30%	30%	30%	30%	30%
RoE	59%	44%	62%	54%	49%	44%	40%	36%	33%
RoA	23%	22%	35%	35%	36%	36%	34%	32%	30%
Dividend payout ratio	19%	35%	39%	39%	40%	40%	42%	45%	50%

**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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