

October 13, 2025.



Earnings Note

Event

Nigerian Breweries Plc (“the Group”) delivered a strong turnaround in Q2 2025, reversing the deep losses of the prior year and reaffirming the strength of its premium-focused strategy. The results marked one of its most resilient quarters in recent history, underpinned by broad-based volume recovery, improved pricing, and stronger foreign exchange conditions.

Revenue grew by 41% year-on-year to N354.51 billion (Q2 2024: N251.76 billion), driven by pricing realignments and stronger demand across core brands. The introduction of Zagg Energy + Malt further diversified the portfolio and strengthened the Group’s position in the non-alcoholic category. This performance reflects the effectiveness of its commercial execution and market segmentation strategy.

Gross profit surged 85% to N144.43 billion, with gross margin expanding to 41% (Q2 2024: 31%), supported by slower input cost growth and relatively stable commodity prices. Cost of sales rose 21% to N210.08 billion but remained well below revenue growth, reinforcing the success of ongoing cost-optimisation efforts.

Operating profit grew almost fivefold to N66.63 billion (Q2 2024: N12.87 billion), as the Group maintained a balance between brand investment and cost discipline. Marketing and distribution costs rose 24% to N64.41 billion on sustained promotional activity, while administrative expenses were tightly managed, declining 5% to N14.15 billion.

A major inflection occurred below the operating line. Net finance cost dropped sharply to N11.87 billion, down 72% from N42.21 billion in Q2 2024. The successful rights issue earlier in the year enabled significant deleveraging, leading to a 49% cut in interest expenses to N12.46 billion. Meanwhile, a more stable Naira and better FX management reversed last year’s N39.43 billion FX loss into a N7.50 billion gain.

Overall, profit before tax stood at N62.25 billion, compared to a N50.76 billion loss in the prior year. Profit after tax reached N43.86 billion (Q2 2024: N33.11 billion loss), while earnings per share (EPS) recovered to positive N1.42 from negative N3.21 in Q2 2024.

BUY

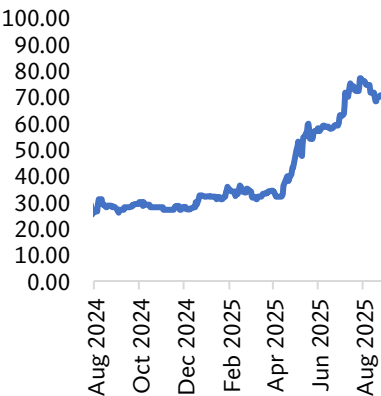
Fair Value Estimate:
N93.10

Total Return: +25%

Stock Data

Current price (N)	78.00
Shares Outstanding (mn)	30,983
Market Cap (N'mn)	2,416,674
52-week high (N)	78.85
52-week low (N)	27.00
Trailing EPS (N)	(4.68)
Forward EPS (N)	7.74
Forward PE (X)	10.07
Justified PE Multiple (X)	12.02

Price Movement



Stock Data	FY 2023	FY 2024	FY 2025F
P/E	N/A	N/A	10.07x
P/BV	12.64x	5.50x	3.14x
PBT Margin	-24%	-17%	22%
PAT Margin	-18%	-13%	15%
RoE	-87%	-55%	43%
Dividend Yield	0%	0%	6%

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**Q2 2025 Financial Performance**

Income Statement (N'mn)	Q2 2025	Q2 2024	(%)
Revenue	354,509	252,647	40%
Cost of sales	(210,076)	(174,843)	20%
Gross profit	144,433	77,804	86%
Other income	759	2,074	-63%
Operating income	145,192	79,878	82%
Marketing and distribution expenses	(64,413)	(52,111)	24%
Administrative expenses	(14,146)	(14,893)	-5%
Operating expense	(78,559)	(67,004)	17%
Operating profit	66,632	12,874	418%
Non-operating profit/(loss)	(4,378)	(63,635)	-93%
Finance income	589	191	209%
Finance cost	(12,463)	(24,397)	-49%
Net loss on foreign exchange transactions	7,496	(39,428)	-119%
Loss before tax	62,254	(50,760)	223%
Income tax	(19,094)	17,650	-208%
Profit after tax	43,160	(33,110)	230%

Source: Company Accounts, WSTC Research

Outlook

We expect Nigerian Breweries to sustain its earnings momentum through the remainder of FY 2025, with Q4 expected to drive higher sales volumes on the back of festive season demand. The Group remains well-positioned, supported by strong brand equity, disciplined pricing, improved cost efficiency, and the positive impact of its balance sheet restructuring, which has significantly reduced finance costs.

Stability in the foreign exchange market and continued portfolio premiumisation should support margins and sustain profitability despite elevated operating costs. For FY 2025, we project revenue of N1.61 trillion and profit after tax of N239.94 billion, representing a PAT margin of 15%.

Consequently, we revise our fair value estimate upward to N93.10 (previously N69.14), representing a 19% upside. When factoring in an expected dividend yield of 6% - as we expect a 60% dividend payout ratio, the total potential return rises to 25%. We therefore recommend a **BUY** (previously: HOLD), reflecting strong earnings visibility, margin resilience, and valuation upside.

H1 2025 Financial Performance

Income Statement (N'mn)	H1 2025	H1 2024	(%)
Revenue	738,144	479,767	54%
Cost of sales	(427,144)	(320,083)	33%
Gross profit	310,999	159,684	95%
Other income	1,514	2,695	-44%
Operating income	312,513	162,379	92%
Marketing and distribution expenses	(130,674)	(97,123)	35%
Administrative expenses	(29,942)	(27,116)	10%
Operating expense	(160,616)	(124,239)	29%
Operating profit	151,897	38,140	298%
Non-operating profit/(loss)	(19,653)	(154,480)	-87%
Finance income	854	332	157%
Finance cost	(27,824)	(42,538)	-35%
Net loss on foreign exchange transactions	7,318	(112,274)	107%
Profit before tax	132,245	(116,341)	214%
Income tax	(43,827)	31,141	-241%
Profit after tax	88,418	(85,199)	204%
Balance Sheet (N'mn)	H1 2025	H1 2024	(%)
Assets			
PP & E	551,047	454,578	21%
Inventory	211,498	134,102	58%
Receivables	119,261	98,708	21%
Cash	77,702	43,576	78%
Others	152,010	217,597	-30%
Total Assets	1,111,519	948,562	17%
Liabilities			
Borrowings	182,025	652,104	-72%
Payables	338,416	387,091	-13%
Others	41,594	38,076	9%
Total Liabilities	562,036	1,077,271	-48%
Net Assets	549,483	(128,709)	527%

Source: Company Accounts, WSTC Research

Financial Projection

Income statement (N'mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Revenue	599,643	1,084,436	1,608,541	2,010,676	2,312,277	2,543,505	2,746,986	2,966,745	3,204,084
EBITDA	91,995	125,220	437,345	500,063	528,133	574,333	608,056	643,275	667,543
EBIT	43,963	69,897	381,529	442,155	462,233	505,913	536,771	566,363	584,437
Profit before taxation (PBT)	(145,224)	(182,917)	354,035	415,251	438,517	485,418	521,478	552,726	572,075
Net profit (PAT)	(106,308)	(144,883)	239,940	282,371	298,191	330,084	354,605	375,854	389,011
EPS (₹)	-10.35	-4.68	7.74	9.11	9.62	10.65	11.45	12.13	12.56
DPS (₹)	0.00	0.00	4.65	6.38	7.70	8.52	9.16	10.92	12.56
Balance sheet (N'mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Current assets	227,567	424,704	448,670	566,616	642,381	712,702	813,306	902,864	980,603
Non-current assets	568,306	713,572	736,111	743,148	748,929	755,797	763,909	771,402	777,973
Total assets	795,873	1,138,276	1,184,781	1,309,764	1,391,310	1,468,499	1,577,215	1,674,265	1,758,576
Current liabilities	584,465	624,586	493,126	495,740	487,531	480,723	505,891	525,517	574,797
Non-current liabilities	148,123	49,746	39,504	36,890	36,337	35,181	33,095	31,997	28,970
Long-term debt	136,286	40,000	29,758	27,144	26,591	25,435	23,349	22,251	19,225
Shareholders' equity	63,284	463,944	652,151	777,134	867,442	952,595	1,038,228	1,116,752	1,154,809
Book value per share (₹)	6.16	14.97	21.05	25.08	28.00	30.75	33.51	36.04	37.27
Cash Flow Statement (N'mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Cash from operating activities	(74,666)	52,041	119,938	360,724	335,955	402,281	449,069	471,752	505,538
Cash from investing activities	(98,446)	(140,581)	(76,032)	(61,907)	(67,093)	(70,529)	(74,004)	(78,830)	(84,405)
Cash from financing activities	174,149	215,312	(111,250)	(188,737)	(225,681)	(272,960)	(291,285)	(315,169)	(368,173)
Net increase/ (decrease) in cash	1,038	126,772	(67,345)	110,080	43,181	58,792	83,780	77,753	52,960
Free cash flow to equity	4,729	(410,712)	(33,677)	264,430	246,476	298,965	347,359	369,507	398,641
Ratio analysis	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
EBITDA margin	15%	12%	27%	25%	23%	23%	22%	22%	21%
Operating margin	7%	6%	24%	22%	20%	20%	20%	19%	18%
ROE	-87%	-55%	43%	40%	36%	36%	36%	35%	34%
ROA	-13%	-13%	20%	22%	21%	22%	22%	22%	22%
Dividend payout ratio	0%	0%	60%	70%	80%	80%	80%	90%	100%

Source: Company Accounts, WSTC Research



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WSTC uses a 3-tier recommendation system for stocks under coverage: BUY, HOLD, and SELL.

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

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