

October 15, 2025



Earnings Note

Unilever Nigeria Plc (“the Group”) delivered an impressive performance in Q2 2025, extending the growth momentum seen since the start of the year. Revenue rose sharply by 62% year-on-year to N51.13 billion (Q2 2024: N31.59 billion), driven by broad-based growth across all product segments. The Foods and Beauty & Wellbeing divisions led the advance, jumping by 65% and 159%, and contributing 61% and 11% to total revenue, respectively. The Personal Care segment also expanded by 37%, accounting for 28% of overall sales.

The strong topline growth was supported by effective pricing strategies, stronger volume performance on the back of increased marketing and promotional strategies. The deliberate boost in marketing and promotional spending reflects management’s renewed focus on regaining market share, particularly after a soft Q2 2024, where revenue grew only 27% year on year when compared to other quarters in the same year (Q1 2024: +58%, Q3 2024: +54%, Q4 2024: +105%)

Despite cost of sales inching higher by 38% year-on-year to N27.86 billion (Q2 2024: N20.21 billion), cost margin fell to 53% from 64% in Q2 2024. The decline reflects easing inflationary pressures. As a result, gross margin expanded by 1000bps to 46% from 36%, while gross profit doubled to N23.26 billion (Q2 2024: N11.38 billion).

Operational efficiency strengthened notably, with opex margin moderating to 26% from 32% in Q2 2024, even as marketing and administrative expenses grew by 37%. The growth in expenses reflected intensified brand promotion, higher royalties and service fees paid to Unilever Plc (UK) for technology and trademark licenses, which moved in tandem with revenue growth. This efficiency improvement supported a strong rebound in operating performance, as operating margin rose to 21% from a negative 5% in Q2 2024, resulting in an operating profit of N10.54 billion compared to a loss of N1.66 billion in Q2 2024.

Finance income surged to N3.17 billion (Q2 2024: N207 million), driven by improved treasury yields and higher interest on call deposits. This more than offset the increase in finance costs to N311 million (Q2 2024: N207 million gain). Consequently, profit before tax rose 597% year on year to N13.40 billion from N1.92 billion in Q2 2024.

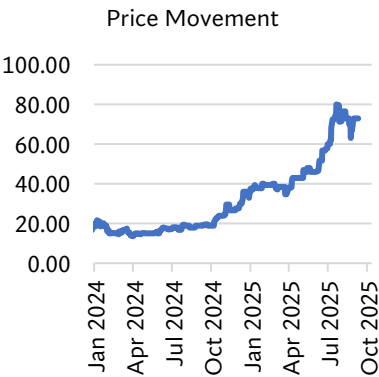
After accounting for a 440% rise in tax expense, driven by higher deferred tax liabilities as the Group made additional provision for future tax payments. Nevertheless, Unilever posted a net profit of N8.85 billion, a 719% jump from N1.08 billion in Q2 2024.

**HOLD**

Fair Value Estimate:  
**N81.58**

Total Return: +17%

Stock Data	
Current price (N)	72.70
Shares Outstanding (mn)	5,745
Market Cap (N'mn)	417,662
52-week high (N)	80.00
52-week low (N)	19.00
Trailing EPS (N)	2.64
Forward EPS (N)	7.14
Forward PE (X)	10.18
Justified PE Multiple (X)	11.42



Stock Data	FY 2023	FY 2024	FY 2025F
P/E	4.95x	7.18x	10.18x
P/BV	1.09x	1.28x	3.51x
PBT Margin	21%	15%	27%
PAT Margin	16%	10%	19%
RoE	23%	19%	40%
Dividend Yield	5%	7%	5%

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## Q2 2025 Financial Performance

Income Statement (N'mn)	Q2 2025	Q2 2024	(%)
<b>Revenue</b>	<b>51,126</b>	<b>31,593</b>	<b>62%</b>
Cost of sales	(27,244)	(21,626)	26%
<b>Gross profit</b>	<b>23,882</b>	<b>9,967</b>	<b>140%</b>
Other income	85	80	6%
<b>Operating income</b>	<b>23,967</b>	<b>10,047</b>	<b>139%</b>
Selling and distribution expense	(1,292)	(1,303)	-1%
Marketing and administrative expense	(11,914)	(8,710)	37%
<b>Operating expense</b>	<b>(13,206)</b>	<b>(10,013)</b>	<b>32%</b>
<b>Operating profit</b>	<b>10,761</b>	<b>34</b>	<b>31868%</b>
<b>Non-operating profit</b>	<b>2,640</b>	<b>1,890</b>	<b>40%</b>
Impairment write back /( loss)	(217)	(2,869)	-92%
Finance income	2,545	446	471%
FX gain	625	4,107	-85%
Finance cost	(311)	207	250%
<b>Profit before tax</b>	<b>13,401</b>	<b>1,924</b>	<b>597%</b>
Income tax	(4,548)	(843)	440%
<b>Profit after tax</b>	<b>8,853</b>	<b>1,081</b>	<b>719%</b>

**Source:** Company Accounts, WSTC Research

### Outlook

Following our review of the H1 2025 performance, we expect Unilever Nigeria Plc to sustain its growth momentum through the remainder of the year, supported by improved pricing discipline, cost efficiency, and stronger contributions from the Foods and Beauty & Wellbeing segments. We project full-year revenue of N219.96 billion and profit after tax of N41.05 billion.

Incorporating the Q2 2025 results into our valuation model, we revised our fair value estimate upward to N81.58 (previously N50.01). With the stock price at N74.00, this implies a potential upside of 15%. Accordingly, we maintain our **HOLD** recommendation, reflecting our view that the current price already captures much of the Group's earnings and margin improvement.

## H1 2025 Financial Performance

Income Statement (N'mn)	H1 2025	H1 2024	(%)
<b>Revenue</b>	<b>98,102</b>	<b>63,909</b>	<b>54%</b>
Cost of sales	(55,367)	(40,441)	37%
<b>Gross profit</b>	<b>42,735</b>	<b>23,468</b>	<b>82%</b>
Other income	161	105	53%
<b>Operating income</b>	<b>42,897</b>	<b>23,573</b>	<b>82%</b>
Selling and distribution expense	(3,004)	(2,704)	11%
Marketing and administrative expense	(21,003)	(16,997)	24%
<b>Operating expense</b>	<b>(24,007)</b>	<b>(19,700)</b>	<b>22%</b>
<b>Operating profit</b>	<b>18,890</b>	<b>3,873</b>	<b>388%</b>
<b>Non-operating profit/(loss)</b>	<b>5,264</b>	<b>2,410</b>	<b>118%</b>
Impairment write back /( loss)	(77)	(2,866)	-97%
Finance income	4,810	810	494%
FX loss	1,015	5,742	-82%
Finance cost	(483)	(1,276)	62%
<b>Profit before tax</b>	<b>24,154</b>	<b>6,283</b>	<b>284%</b>
Income tax	(9,749)	(1,846)	428%
<b>Profit after tax</b>	<b>14,405</b>	<b>4,437</b>	<b>225%</b>
Balance Sheet (N'mn)	H1 2025	H1 2024	(%)
<b>Assets</b>			
PPE	21,786	18,641	17%
Inventory	34,582	26,985	28%
Receivables	10,461	13,949	-25%
Cash	83,701	34,955	139%
Others	9,995	33,399	-70%
<b>Total Assets</b>	<b>160,524</b>	<b>127,928</b>	<b>25%</b>
<b>Liabilities</b>			
Payables	52,271	42,855	22%
Others	15,923	10,435	53%
<b>Total Liabilities</b>	<b>68,194</b>	<b>53,290</b>	<b>28%</b>
<b>Net Assets</b>	<b>92,330</b>	<b>74,638</b>	<b>24%</b>

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
Revenue	103,880	149,523	219,959	273,024	358,446	460,992	585,848	733,291
EBITDA	23,070	20,998	52,715	67,599	84,467	111,642	142,256	179,899
EBIT	20,260	18,361	50,186	64,323	80,524	106,571	136,866	174,180
Profit before taxation (PBT)	21,892	22,650	60,362	71,516	86,992	110,093	141,428	178,284
Net profit (PAT)	16,414	15,143	41,046	48,631	59,155	74,863	96,171	121,233
EPS (₦)	2.86	2.64	7.14	8.46	10.30	13.03	16.74	21.10
DPS (₦)	0.75	1.25	3.36	4.23	5.66	7.82	10.88	13.72
Balance sheet (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Current assets	96,035	116,224	160,189	193,255	237,165	285,895	334,832	392,794
Non-current assets	20,223	25,372	25,592	27,640	29,432	31,046	33,272	35,619
Total assets	116,302	141,647	185,782	220,895	266,597	316,941	368,104	428,412
Current liabilities	33,797	50,848	61,302	66,932	77,213	84,665	87,259	89,577
Non-current liabilities	7,996	5,693	5,509	5,653	6,234	6,799	4,114	3,383
Shareholders' equity	74,509	85,106	118,971	148,310	183,149	225,477	276,731	335,453
Book value per share (₦)	12.97	14.81	20.71	25.82	31.88	39.25	48.17	58.39
Cash flow statement (NGN mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Cash from operating activities	(3,785)	14,548	37,222	44,660	56,300	79,468	101,439	124,878
Cash from investing activities	1,542	(2,618)	8,451	2,748	1,556	(2,100)	(2,317)	(3,666)
Cash from financing activities	(8,268)	(7,179)	(8,339)	(20,027)	(24,558)	(33,034)	(48,339)	(63,538)
Net increase/ (decrease) in cash	(10,510)	4,750	37,335	27,381	33,299	44,334	50,783	57,674
Free cash flow to equity	(7,986)	6,159	33,315	38,601	50,323	72,284	90,402	115,785
Ratio analysis	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
EBITDA margin	22%	14%	24%	25%	24%	24%	24%	25%
Operating margin	20%	12%	23%	24%	22%	23%	23%	24%
ROE	23%	19%	40%	36%	36%	37%	38%	40%
ROA	13%	9%	18%	18%	19%	20%	22%	26%
Dividend payout ratio (%)	26%	47%	47%	50%	55%	60%	65%	65%

**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 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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