GUINNESS NIGERIA PLC

....Revenue Growth Amid Cost Pressures

June 5, 2026. *Earnings Note*

Highlights

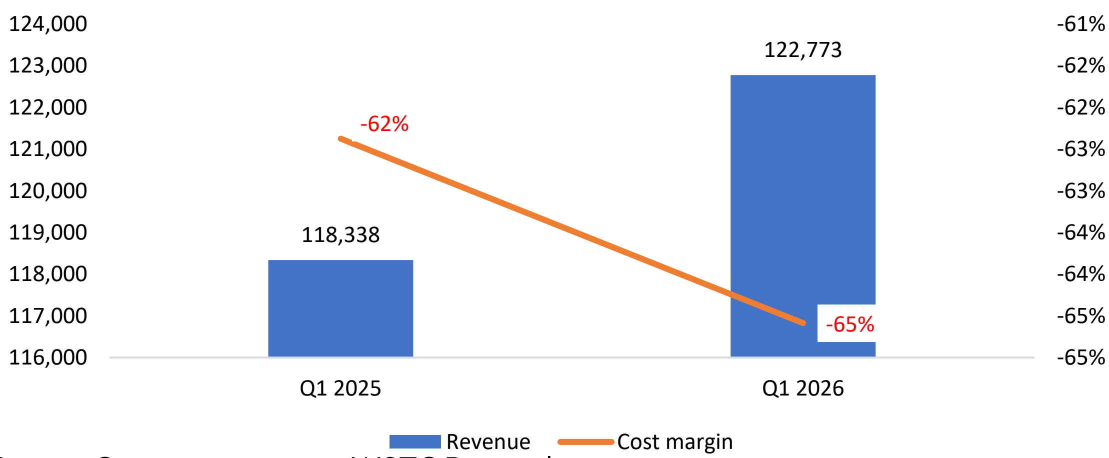
- Revenue increased by 4% year on year (YoY) from ₦118.34 billion in Q1 2025 to ₦122.77 billion in Q1 2026.
- Profit after tax (PAT) increased by 48% YoY from ₦7.03 billion to ₦10.39 billion in Q1 2026.
- Earnings Per Share increased from ₦3.21k to ₦4.74k.
- Shareholders' funds moved from a negative position of (₦5.22 billion) in FY 2025 to a positive position of ₦5.17 billion in Q1 2026.

Income Statement

Revenue increased by 4% YoY from ₦118.34 billion in Q1 2025 to ₦122.77 billion in Q1 2026. A large contributor to the company's revenue was domestic sales (₦120.90 billion), while export sales accounted for 2% (N1.88 billion).

Cost of sales grew faster than revenue, increased by 7% YoY from ₦73.81 billion to ₦79.30 billion, the higher growth in cost of sales is predominantly due to a rise in cost of raw materials in 2026. As a result, gross profit declined by 2% YoY from ₦44.53 billion (Q1 2025) to ₦43.48 billion (Q1 2026), while gross profit margin declined from 38% (Q1 2025) to 35% (Q1 2026).

Revenue (In Billion) & Cost Margin (%)



Source: Company accounts, WSTC Research

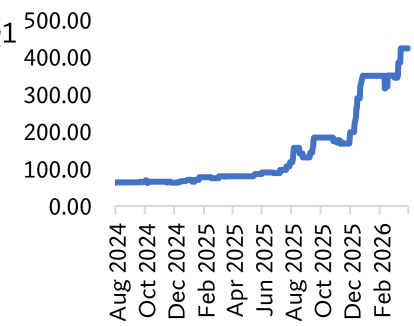
Other income increased by 948% from ₦29.00 million (Q1 2025) to ₦304.00 million (Q1 2026). This was wholly from by-products, potentially spent grain, Brewers yeast etc. However, this was not sufficient to offset the decline in gross profit, as operating income fell by 2% YoY from ₦44.55 billion (Q1 2025) to ₦43.78 billion (Q1 2026).

Operating expenses remained flat at ₦26.60 billion (Q1 2026) compared to ₦26.56 billion (Q1 2025). In an environment where inflation is in double-digit territory. ([see here for WSTC Q1 Economic report](#)). Administrative expenses increased by 6% YoY from ₦7.68 billion to ₦8.12 billion, while Marketing & distribution expenses declined by 2% YoY from ₦18.88 billion to ₦18.49 billion. The decline was from marketing, as it is the most flexible

Fair Value Estimate: ₦ 462.34

Stock Data	
Current price (N)	365.50
Shares Outstanding (mn)	2,190
Market Cap (N'mn)	800,585
52-week high (N)	499.00
52-week low (N)	88.00
Trailing EPS (N)	18.79
Forward EPS (N)	19.27
Forward PE (X)	18.97
Justified PE Multiple (X)	23.99

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	N/A	19.45x	18.97x
P/BV	0.99x	19.78x	39.05x
PBT Margin	-25%	9%	12%
PAT Margin	-18%	6%	8%
RoE	N/A	181%	66%
Dividend Yield	0%	0%	2%

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cost to control. For this reason, operating profit declined by 5% YoY from ₦18.00 billion in Q1 2025 to ₦17.18 billion in Q1 2026.

Non-operating expenses declined by 81% YoY from N7.72 billion to ₦1.43 billion. The improvement was driven by lower finance costs, as it declined by 60% YoY from ₦6.13 billion to ₦2.48 billion, with exchange rate gains of ₦937.00 million in comparison to an FX loss of ₦1.65 billion in Q1 2025.

Profit before tax (PBT) increased by 53% YoY from ₦10.28 billion (Q1 2025) to ₦15.75 billion (Q1 2026). Profit after tax increased by 48% YoY from N7.03 billion (Q1 2025) to N10.39 billion (Q1 2026).

Outlook

Guinness Nigeria Plc expects to continue to benefit from its strong brand portfolio across Nigeria, e.g. Guinness, Malta Guinness and Orijin. With Nigerians being the second largest consumer of Guinness stout, we expect the company to continue to grow at the top line.

However, rising operating costs remain a concern, and this will depend on the Company's ability to pass on higher input costs to consumers without affecting volumes. i.e. is demand for the brand inelastic enough to fence off a margin squeeze?

Sustained exchange rate stability and lower finance costs should support growing bottom line (Net Income), i.e. lower volatility on raw materials (FX exposure) and lower interest expense.

Guinness Nigeria is well positioned to report better profitability through FY 2026 and maintain its dividend-paying. Historically, Guinness Nigeria Plc maintained a payout ratio of 50% and above between 2018 and 2022, except for the COVID-19 year, which was 2020.

Guinness stands as a strong candidate for capital appreciation relative to a high dividend-yielding company, though its recovery shows the potential for restoring it back to a high dividend-yielding stock over a 3-year outlook if conditions were to persist in the economy.

Q1 2026 Financial Performance

Income Statement (N'mn)	Q1 2026	Q1 2025	(%)
Revenue	**122,773**	**118,338**	**4%**
Cost	(79,295)	(73,813)	7%
Gross profit	**43,478**	**44,525**	**-2%**
Other income	304	29	938%
Operating income	**43,781**	**44,554**	**-2%**
Marketing expense	(18,485)	(18,880)	-2%
Admin expense	(8,116)	(7,679)	6%
Operating expense	**(26,601)**	**(26,559)**	**0%**
Operating profit	**17,180**	**17,995**	**-5%**
Non-operating income/(expense)	**(1,434)**	**(7,716)**	**-81%**
Net charge for expected credit loss on financial assets			
FX gain (loss)	937	(1,645)	157%
Finance income	109	61	78%
Finance cost	(2,480)	(6,133)	-60%
Profit before tax	**15,746**	**10,279**	**53%**
Income tax	(5,354)	(3,252)	65%
Profit after tax	**10,392**	**7,027**	**48%**
Balance Sheet (N'mn)	**Q1 2026**	**Q1 2025**	**(%)**
Assets			
PP & E	132,112	117,916	12%
Inventories	45,967	63,690	-28%
Receivables	31,466	41,915	-25%
Prepayments	20,632	5,596	269%
Cash	1,630	3,687	-56%
Others	6,516	13,178	-51%
Total Assets	**238,324**	**245,983**	**-3%**
Liabilities			
Borrowings	37,623	58,104	-35%
Payables	127,068	146,991	-14%
Others	19,917	12,444	60%
Total Liabilities	**184,608**	**217,538**	**-15%**
Net Assets	**53,716**	**28,444**	**89%**

Source: Company Accounts, WSTC Research

Financial Projections

Income statement (NGN mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F	FY 2032F
Revenue	299,490	730,808	548,380	679,991	849,989	977,487	1,124,110	1,292,727	1,486,636
EBITDA	35,504	108,841	111,639	128,702	162,151	185,265	213,170	243,768	280,379
EBIT	25,423	89,269	99,276	115,076	144,228	165,642	190,615	219,134	252,046
Profit before taxation (PBT)	(73,680)	68,392	63,475	98,334	130,557	155,473	181,864	212,614	245,756
Net profit (PAT)	(54,767)	41,163	42,211	65,392	86,820	103,389	120,940	141,389	163,428
EPS (₦)	(25.00)	18.79	19.27	29.85	39.64	47.20	55.21	64.55	74.61
DPS (₦)	0.00	0.00	7.71	20.90	27.75	33.04	38.65	45.18	52.23

Balance sheet (NGN mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F	FY 2032F
Current assets	103,556	111,928	115,115	134,300	139,336	121,615	105,898	92,933	102,615
Non-current assets	122,575	133,249	136,409	139,403	142,707	146,991	150,813	154,570	156,659
Total assets	226,130	245,177	251,524	273,703	282,044	268,605	256,711	247,503	259,273
Current liabilities	222,469	190,709	220,882	236,770	258,487	261,517	269,001	281,199	318,371
Non-current liabilities	1,284	11,143	4,028	5,414	5,788	6,069	6,392	6,763	7,189
Shareholders' equity	2,161	43,324	85,535	134,043	175,089	217,704	266,271	323,002	387,457
Book value per share (₦)	0.99	19.78	39.05	61.20	79.94	99.39	121.56	147.46	176.89

Cash flow statement (NGN mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F	FY 2032F
Cash from operating activities	80,140	33,618	57,793	77,746	81,935	72,893	84,955	95,421	133,971
Cash from investing activities	(6,222)	(47,047)	(12,243)	(15,598)	(18,260)	(18,607)	(20,283)	(21,381)	(22,362)
Cash from financing activities	(123,799)	(23,037)	(39,166)	(36,333)	(60,339)	(79,362)	(86,651)	(98,377)	(110,795)
Net increase/ (decrease) in cash	(49,881)	(36,466)	6,384	25,815	3,336	(25,076)	(21,979)	(24,338)	815
Free cash flow to equity	(52,202)	(29,235)	3,214	41,814	46,313	30,594	44,524	53,569	92,024

Ratio analysis	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F	FY 2032F
EBITDA margin	12%	15%	20%	19%	19%	19%	19%	19%	19%
Operating margin	8%	12%	18%	17%	17%	17%	17%	17%	17%
ROE	-187%	181%	66%	60%	56%	53%	50%	48%	46%
ROA	-23%	17%	17%	25%	31%	38%	46%	56%	64%
Dividend payout ratio (%)	0%	0%	40%	70%	70%	70%	70%	70%	70%

Source: Company Accounts, WSTC Research

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- Sell Rating: estimated change in price is ≤ -10% of current market price.

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