NESTLE NIG PLC

....A Return to Profitability

April 8, 2026.

Earnings Note

Highlights

- Nestle Nigeria Plc declared no dividend for FY 2025.
- Balance sheet remained flat with a 1% decline YoY from ₦858.7 billion (FY 2024) to ₦846.2 billion (FY 2025).
- Net assets grew by 113% from (₦92.3) billion (FY 2024) to ₦12.9 billion (FY 2025).
- Revenue grew YoY by 26% from ₦958.8 billion (FY 2024) to ₦1.21 trillion (FY 2025).
- Nestle Nigeria Plc earnings grew by 163% Year on Year (YoY) from (₦164) billion (FY 2024) to a ₦104 billion (FY 2025).

Statement of Financial Position

The most defining feature of Nestlé Nigeria's FY 2025 results is not aggressive expansion, but measured balance sheet repair. Following the capital strain experienced in 2024 from borrowings incurred in 2020-2022, FY 2025 reflects early signs of stabilization. Total assets moderated from ₦858.7 billion (FY 2024) to ₦846.2 billion (FY 2025), representing a 1% decline YoY.

Non-current assets increased by 11% to ₦554.5 billion (FY 2025) from ₦500.4 billion (FY 2024), driven by a 17% rise in PPE (property, plant and equipment) from 421.2 billion (FY 2024) to ₦494.6 billion (FY 2025), a simple revaluation gain.

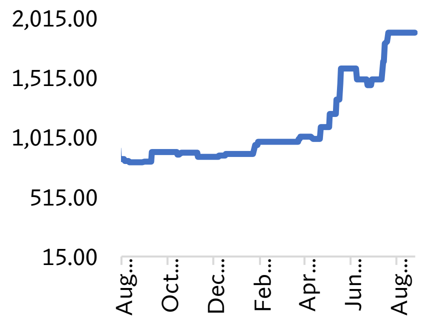
Current assets declined by 19% from ₦358.3 billion (FY 2024) to ₦291.6 billion (FY 2025), this is due to Nestle using a significant portion of their prepayments from the previous year in 2025. Prepayments declined by 64% from ₦149.46 billion to ₦53.8 billion.

Trade receivables increased by 80% from ₦14.55 billion (FY 2024) to ₦26.1 billion, this shows the companies capacity to further extend credit to their customers. Total liabilities declined by 12% YoY from ₦951.0 billion (FY 2024) to ₦833.3 billion (FY 2025). Total borrowings reduced by 27% from

Fair Value Estimate: ₦3,816.45

Stock Data	
Current price (N)	3,100.00
Shares Outstanding (mn)	792,656
Market Cap (N'mn)	2,457,234,381
52-week high (N)	3,100.00
52-week low (N)	1,958.00
Trailing EPS (N)	132.42
Forward PE (X)	19.38x

Price Movement



Stock Data	2024	2025	2026F
P/E	N/A	12.01x	N/A
P/BV	N/A	N/A	16.19X
PBT Margin	-23%	14%	14%
PAT Margin	-17%	9%	9%
ROE	178%	814%	169%
ROA	-19%	12%	15%
Dividend Yield	N/A	N/A	1%

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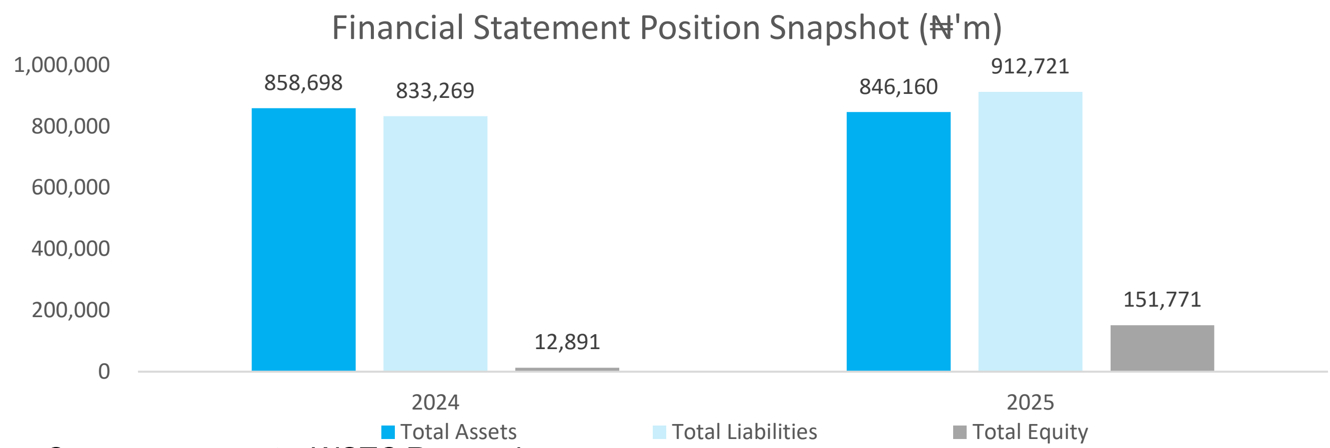
₦653.2 billion to ₦476.0 billion this shows the strength in Nestle's performance and commitment to reducing their debt owed to their parent company (Nestle S.A.) and domestic banks.

Net assets returned to positive territory, a sign of value addition to the shareholders, though in the previous year i.e. 2024, value was eroded. Net assets closed at ₦12.9 billion (FY 2025) compared to a deficit position of ₦92.3 billion (FY 2024).



Source: Company accounts, WSTC Research

Statement of Financial Performance

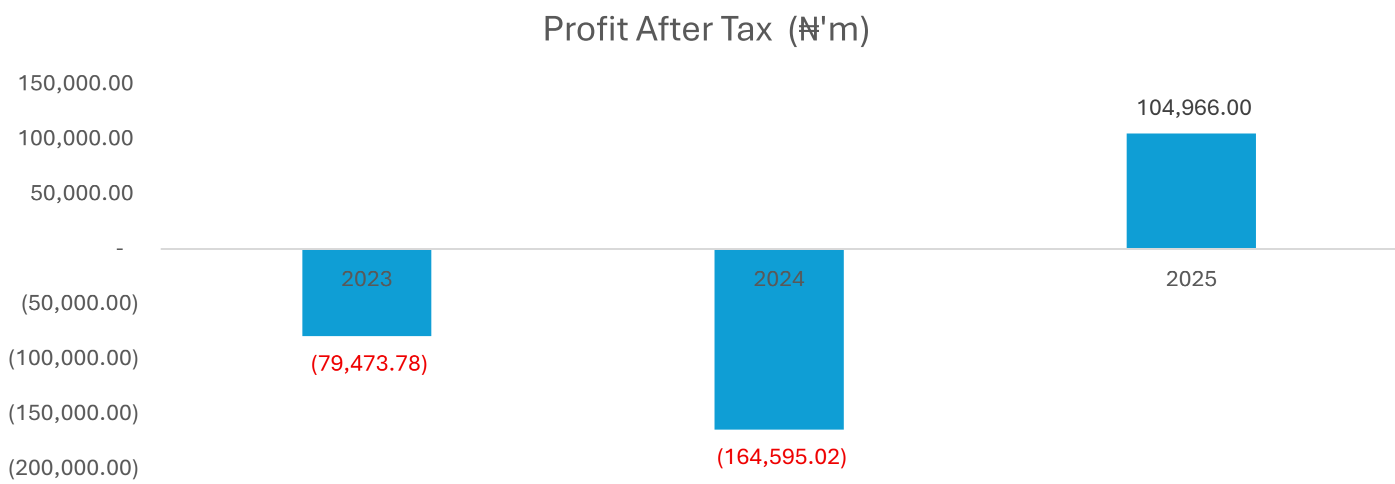
Revenue grew by 26% YoY from ₦958.8 billion (FY 2024) to ₦1.21 trillion (FY 2025). The food segment accounts for 65% of revenue while beverage segment of the business accounts for 35%.

Revenue growth was predominantly price-driven rather than growth in volume, this reflects the company's dominance in the FMCG space and inelastic demand for its products.

Costs of sales rose by 40% from N652.5 billion (FY 2024) to ₦771.9 billion (FY 2025). This increase is attributable to an increase in delivery of imported raw materials and energy costs.

As a result, gross margin moderated to 36%, compared to roughly 42% in the prior year. The margin compression suggests that while the company implemented price increases, it absorbed part of the cost pressure to preserve market competitiveness.

Despite the decreased margins, there was a rebound in profitability as PAT (profit after tax) rose to ₦105 billion compared to a loss of ₦164.6 billion in the prior year. The reversal in fortune was supported by higher revenue, stabilization in finance costs ₦100.96billion (FY 2025) vs ₦102.13billion (FY 2024), and a significant reduction in FX-related losses from ₦290.70 billion from to ₦155 million. Net margin recovered to approximately 8.7%, marking a return to positive earnings territory after the tough macroeconomic headwinds of 2024.



Source: Company accounts, WSTC Research

Statement of Cashflow

Cash generated from operating activities increased materially to ₦394.7 billion in 2025, compared to ₦40.9 billion in 2024. After tax and other adjustments, net cash inflow from operating activities stood at ₦369.6 billion in 2025 from ₦5.9 billion in 2024, while core operating activities strengthened to ₦342.5 billion.

Nestle recorded a positive working capital contribution of ₦112.2 billion. The most significant driver was the use of prepayments of ₦95.7 billion, alongside a ₦43.7 billion rise in trade and other payables, providing support to operating cash flow and a reflection of improved working capital positioning during the recovery phase. Investing activities show the company is looking to expand production and deepen presence in the market. The acquisition of PPE increased YoY from ₦71.8 billion in 2024 to ₦112.1 billion in 2024.

Net cash used in investing activities increased to ₦110.1 billion from ₦69.2 billion in 2024. Net cash used in financing activities amounted to ₦240.1 billion, led by ₦128.9 billion in bank loan repayments and ₦61.8 billion in intercompany loan repayments.

Cashflows (Nm)	2025	2024	Change
Net Operating Cashflow	369,614	40,942	⬆
Net Investing Cashflow	(110,078)	(69,160)	⬆
Net Financing Cashflow	(240,067)	(84,244)	⬆
Cash & Equivalents	35,261	22,486	⬆

Source: Company accounts, WSTC Research

Outlook

Having navigated a difficult earnings cycle and returned to profitability in 2025, Nestlé Nigeria enters the new financial year from a position of relative operational stability. Our outlook is anchored on two observable realities:

• A completed earnings recovery cycle – The company has successfully transitioned from a loss position back to profitability.

• A more supportive macroeconomic environment – Specifically, a relatively stable exchange rate environment and a gradual disinflation trend compared to the peak volatility seen in previous years.

In absence of any publicly disclosed major strategic overhaul, our projections assume a modest growth in existing operating and financial performance, disciplined cost management, and modest topline expansion supported by price optimisation. Demand resilience across its core product segments due to the inelastic appetite of consumers. The stock reflects a company in recovery with improving earnings quality and a stabilising operating environment.

FY 2025 Financial Performance

Income Statement (N'mn)	FY 2025	FY 2024	(%)
Revenue	1,207,773	958,815	26%
Cost of sales	(771,882)	(652,460)	18%
Gross profit	**435,891**	**306,355**	**42%**
Other Income	0	737	-100%
(Write back)/ Impairment of Financial Assets	0	165	-100%
Marketing expense	(161,695)	(106,852)	51%
Admin expense	(49,811)	(32,530)	53%
Operating expense	**(211,506)**	**(138,479)**	**53%**
Operating profit	**224,386**	**167,876**	**34%**
Non-operating profit/(loss)	**(57,539)**	**(389,465)**	**-85%**
Finance income	43,577	3,368	1194%
Finance cost	(100,961)	(102,133)	-1%
FX loss	(155)	(290,700)	-100%
Profit before tax	**166,846**	**(221,589)**	**175%**
Income tax	(61,881)	56,994	-209%
(Loss)/Profit after tax	**104,966**	**(164,595)**	**164%**

Balance Sheet (N'mn)	FY 2025	FY 2024	(%)
Assets			
PPE	494,615	421,155	17%
Inventory	179,871	174,784	3%
Receivables	22,249	11,298	97%
Prepayments	53,796	149,460	-64%
Cash	35,422	22,642	56%
Others	60,206	79,360	-24%
Total Assets	**846,160**	**858,698**	**-1%**
Liabilities			
Borrowings	499,656	653,892	-24%
Payables	270,433	229,597	18%
	63,179	67,499	-6%
Total Liabilities	**833,269**	**950,988**	**-12%**
Net Assets	**12,891**	**(92,290)**	**-114%**

Source: Company Accounts, WSTC Research

Financial Projections

Income statement (NGN mn)	FY 2023A	FY 2024A	FY 2025A	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Revenue	547,119	958,815	1,207,773	1,509,716	1,894,431	2,273,318	2,614,315	2,928,033
EBITDA	135,461	198,943	263,497	347,842	427,009	506,320	595,648	661,515
EBIT	123,788	167,876	224,386	311,756	381,728	451,982	533,160	591,528
Profit before taxation	(104,025)	(221,589)	166,847	204,235	264,884	328,620	398,404	447,943
Net profit	(79,474)	(164,595)	104,966	138,880	180,121	223,462	270,914	304,601
EPS (₦)	(100.26)	(207.65)	132.42	175.21	227.24	281.92	341.78	384.28
DPS (₦)	0.00	0.00	0.00	31.54	113.62	169.15	239.25	307.42

Balance sheet (NGN mn)	FY 2023A	FY 2024A	FY 2025A	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Cash	167,735	22,642	35,422	223,390	438,127	636,785	810,480	987,042
Other current assets	193,511	335,662	256,192	284,898	315,176	343,293	376,226	402,668
Non-current assets	220,529	500,395	554,546	556,203	558,282	560,778	563,647	566,861
Total assets	581,774	858,698	846,160	1,064,492	1,311,586	1,540,856	1,750,353	1,956,571
Current liabilities	290,638	401,427	375,378	423,983	487,567	526,603	566,299	614,680
Non-current liabilities	369,172	549,561	457,890	488,738	517,126	573,959	606,922	649,796
Total liabilities	659,810	950,988	833,269	912,721	1,004,692	1,100,561	1,173,221	1,264,477
Shareholders' equity	(78,035)	(92,290)	12,891	151,771	306,894	440,295	577,132	692,094

Cash flow statement (NGN mn)	FY 2023A	FY 2024A	FY 2025A	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Cash from operating activities	82,703	5,859	369,614	298,539	366,485	406,651	469,411	535,244
Cash from investing activities	(55,112)	(69,160)	(110,078)	(34,037)	(40,602)	(48,558)	(55,653)	(62,196)
Cash from financing activities	21,293	(84,244)	(240,067)	(76,534)	(111,146)	(159,436)	(240,062)	(296,486)
Net increase/ (decrease) in cash	48,884	(147,546)	13,357	187,968	214,737	198,658	173,695	176,562

Ratio analysis	FY 2023A	FY 2024A	FY 2025A	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
EBITDA margin	25%	21%	22%	23%	23%	22%	23%	23%
Operating margin	23%	18%	19%	21%	20%	20%	20%	20%
ROE	333%	193%	-264%	169%	79%	60%	53%	48%
ROA	-16%	-23%	12%	15%	15%	16%	16%	16%
Dividend payout ratio	0%	0%	0%	18%	50%	60%	70%	80%

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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