NASCON ALLIED INDUSTRIES PLC

... Pricing Power and Deleveraging Strengthen Earnings Outlook

August 27, 2026. *Earnings Note*

Highlights

- Revenue increased by 15% YoY from ₦36.30 billion in Q2 2025 to ₦41.82 billion in Q2 2026
- Gross profit grew by 4% YoY to ₦20.36 billion from N19.49 billion.
- Finance costs declined by 58% YoY from ₦201 million to ₦85 million.
- Profit after tax increased by 21% YoY to ₦9.72 billion from N8.02 billion.

Income Statement

NASCON Allied Industries Plc sustained its growth trajectory in Q2 2026, with revenue increasing by 15% YoY from ₦36.30 billion in Q2 2025 to ₦41.82 billion. The growth was primarily supported by higher selling prices and modest volume expansion, particularly across the Western market.

From a geographical perspective, the Northern market remained the largest contributor to revenue, accounting for approximately 75% of total revenue. Revenue from the region increased by 10% YoY from ₦28.44 billion to ₦31.39 billion. The Western market followed, contributing approximately 19% of total revenue while recording the strongest growth of 39% YoY. Meanwhile, the Eastern market contributed approximately 6% to total revenue and grew by 16% YoY. The stronger performance across the Western and Eastern markets suggests that NASCON is gradually broadening its growth base beyond its dominant Northern market.

Despite the improvement in revenue, profitability at the gross level remained under pressure as input costs increased at a significantly faster pace than topline growth. Raw materials consumed increased by 32% YoY from N14.52 billion to N19.16 billion. This drove cost of sales up by 28% to N21.46 billion which resulted in a contraction in gross margin of from 54% to 49%. Nevertheless, gross profit increased by 4% YoY to ₦20.36 billion. From N19.49 billion.

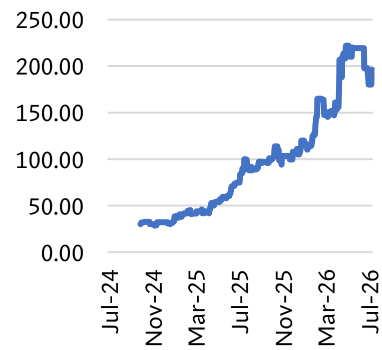
The pressure on gross profitability was partly mitigated by improved cost efficiency at the operating level. Distribution expenses declined from ₦6.00 billion in Q2 2025 to ₦5.59 billion in Q2 2026, supported by the Company's investment in CNG-powered trucks, which has helped reduce exposure to rising fuel and transportation costs. This was, however, partly offset by an increase in administrative expenses from ₦2.47 billion to ₦2.88 billion. Consequently, operating expenses remained broadly stable, allowing operating profit to increase by 10% from ₦10.90 billion to ₦11.99 billion. However, the faster growth in cost of sales dropped operating margin slightly from 30% to 29%.

Below the operating line, the Company's significantly improved balance sheet position continued to support earnings. Finance costs declined sharply from ₦201.77 million (Q2 2025) to ₦85.13 million (Q2 2026), primarily due to the near elimination of interest expenses on borrowings, which fell from ₦114.52 million (Q2 2025) to approximately ₦0.08 million (Q2 2026).

Fair Value Estimate: N188.37

Stock Data	
Current price (N)	195.00
Shares Outstanding (mn)	2,702
Market Cap (N'mn)	526,973
52-week high (N)	222.00
52-week low (N)	88.00
Trailing EPS (N)	12.41
Forward EPS (N)	16.19
Forward PE (X)	12.04
Justified PE Multiple (X)	11.63

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	6.10x	15.71x	12.04x
P/BV	2.16x	2.81x	5.34x
PBT Margin	20%	32%	37%
PAT Margin	13%	22%	26%
RoE	44%	59%	52%
Dividend Yield	2%	5%	5%

Analysts

Desmond Gabriel
d.gabriel@wstc.com.ng

Timehin Sesby-Banjoh
t.sesby@wstc.com.ng

Sylvia Ogwuru
s.ogwuru@wstc.com.ng

Habeeb Oladehinde
h.oladehinde@wstc.com.ng

This was driven by a substantial reduction in short-term borrowings, which declined from ₦1.11 billion in H1 2025 to ₦26.17 million in H1 2026. The Company's deleveraging therefore reduced its exposure to financing costs and strengthened the quality of its earnings.

However, the benefit from lower finance costs was further fuelled by a significant increase in investment income, which rose by 123% from ₦1.27 billion to ₦2.82 billion, supported by increased investments in short-term fixed deposits. As a result, net finance income increased substantially to ₦2.74 billion in Q2 2026 from ₦1.07 billion in Q2 2025, providing an additional boost to earnings below the operating line.

Consequently, profit before tax increased by 23% YoY from ₦11.07 billion (Q2 2025) to ₦14.72 billion (Q2 2026), while profit after tax rose by 21% to ₦9.72 billion. The contribution from net finance income provided an important buffer against the pressure on gross margins, supporting an improvement in PBT margin from 33% to 35% and net margin from 22% to 23%.

Outlook

WSTC Research expects NASCON to sustain its positive earnings trajectory, supported by continued flexibility around price, improving volumes across its regional markets, ongoing cost-efficiency initiatives. In particular, the Company's investment in CNG-powered trucks should continue to provide savings on distribution costs and help mitigate the impact of elevated transportation and fuel expenses. This is inline with other Dangote group's group of companies.

Overall, we maintain a neutral outlook on NASCON, WSTC research does not expect a material impact on one's portfolio for holding NASCON in the short-term. However, the company's current trajectory seems to indicate the company a suitable candidate for an Investor with an outlook longer than the next 12-24 months.

Q2 2026 Financial Performance

Income Statement (N'mn)	Q2 2026	Q2 2025	(%)
Revenue	**41,816**	**36,303**	**15%**
Cost of sales	(21,456)	(16,814)	28%
Gross profit	**20,360**	**19,489**	**4%**
Other income	26	155	-83%
Operating income	**20,386**	**19,644**	**4%**
Selling and distribution expense	(5,586)	(6,002)	-7%
Admin expense	(2,883)	(2,467)	17%
Operating expense	**(8,469)**	**(8,469)**	**0%**
Operating profit	**11,918**	**11,175**	**7%**
Non-operating profit/(loss)	**2,803**	**794**	**253%**
Interest income	2,821	1,267	123%
Interest expense	(85)	(201)	-58%
FX gains/(losses)	68	(272)	-125%
Profit before tax	**14,721**	**11,969**	**23%**
Income tax	(5,005)	(3,950)	27%
Profit after tax	**9,716**	**8,019**	**21%**

Source: Company Accounts, WSTC Research

H1 2026 Financial Performance

Income Statement (N'mn)	H1 2026	H1 2025	(%)
Revenue	**81,159**	**78,156**	**4%**
Cost of sales	(40,350)	(40,770)	-1%
Gross profit	**40,809**	**37,385**	**9%**
Other income	39	178	-78%
Operating income	**40,848**	**37,564**	**9%**
Selling and distribution expense	(11,229)	(11,121)	1%
Admin expense	(5,481)	(4,525)	21%
Operating expense	**(16,709)**	**(15,647)**	**7%**
Operating profit	**24,139**	**21,917**	**10%**
Non-operating profit/(loss)	**5,563**	**1,363**	**308%**
Interest income	5,347	2,366	126%
Interest expense	(172)	(413)	-58%
FX gains/(losses)	387	(591)	-166%
Profit before tax	**29,702**	**23,279**	**28%**
Income tax	(10,099)	(7,682)	31%
Profit after tax	**19,603**	**15,597**	**26%**

Balance Sheet (N'mn)	H1 2026	H1 2025	(%)
Assets			
PP & E	31,352	11,823	165%
Inventory	14,665	18,512	-21%
Receivables	65,202	38,807	68%
Cash	46,053	36,569	26%
Others	4,290	5,916	-27%
Total Assets	**161,562**	**111,627**	**45%**
Liabilities			
Loans & Borrowings	65	4,957	-99%
Payables	55,165	35,217	57%
Others	31,763	18,205	74%
Total Liabilities	**86,993**	**58,379**	**49%**
Net Assets	**74,568**	**53,248**	**40%**

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
Revenue	120,387	152,687	171,180	207,005	245,093	282,613	316,824	348,506
EBITDA	27,680	47,303	57,431	77,731	93,748	113,752	128,947	143,585
EBIT	25,100	44,579	55,034	75,246	91,297	111,208	126,254	140,622
Profit before taxation (PBT)	23,651	48,243	62,963	84,325	102,028	122,727	139,089	154,928
Net profit (PAT)	15,584	33,529	43,759	58,606	70,910	85,296	96,667	107,675
EPS (₦)	5.77	12.41	16.19	21.69	26.24	31.56	35.77	39.84
DPS (₦)	2.00	6.00	8.91	13.01	17.06	22.09	26.83	31.88

Balance sheet (NGN mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Current assets	62,421	98,293	132,769	173,333	207,108	239,007	273,093	303,087
Non-current assets	16,081	36,973	49,982	50,189	51,047	52,319	53,745	55,662
Total assets	78,502	135,266	182,751	223,523	258,155	291,327	326,837	358,749
Current liabilities	26,337	56,277	77,069	83,386	82,550	76,745	75,690	72,617
Non-current liabilities	9,110	7,809	6,957	6,873	6,595	6,368	5,973	5,783
Long-term debt	39	39	39	39	39	39	39	39
Shareholders’ equity	43,055	71,180	98,725	133,263	169,009	208,214	245,174	280,349
Book value per share (₦)	16.25	26.34	36.53	49.31	62.54	77.05	90.72	103.74

Cash flow statement (NGN mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Cash from operating activities	4,165	43,906	30,347	72,709	69,652	77,632	85,004	93,495
Cash from investing activities	-562	-17,871	-7,244	6,562	7,596	7,854	8,848	9,536
Cash from financing activities	-4,217	-9,207	-17,341	-24,348	-35,639	-46,489	-60,253	-72,833
Net increase/ (decrease) in cash	-615	16,828	5,763	54,922	41,608	38,997	33,598	30,199

Ratio analysis (%)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
EBITDA margin	23%	31%	34%	38%	38%	40%	41%	41%
Operating margin	21%	29%	32%	36%	37%	39%	40%	40%
RoE	44%	59%	52%	51%	47%	45%	43%	41%
RoA	22%	31%	28%	29%	29%	31%	31%	31%
Dividend payout ratio	35%	48%	55%	60%	65%	70%	75%	80%

Source: Company Accounts, WSTC Research

Disclaimer & Disclosures

The value of any investment is subject to fluctuations, i.e. may rise and fall. Past performance is no guide to the future. The rate of exchange between currencies may cause the value of an investment to increase or decrease. Hence investors may not get back the full value of their original investment.

Investment Recommendation
WSTC uses a 3-tier recommendation system for stocks under coverage: Buy, Hold, and Sell.

- Buy Rating: estimated fair value is ≥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 ≤ -10% of current market price.

This document is not an offer to buy or sell any security. This document does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The appropriateness of a particular investment will depend on an investor's circumstances and objectives. The investments and shares referred to in this document may not be suitable for all investors.

This document is based on information WSTC Securities Limited (WSTC Securities) received from publicly available reports and industry sources. WSTC Securities may not have verified all of this information with third parties. Neither WSTC Securities nor its shareholders, directors, employees or advisors can guarantee the accuracy, reasonableness or completeness of the information received from any sources consulted for this publication; and neither WSTC Securities nor its shareholders, directors, employees or advisers accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. This document is not to be relied upon and should not be a substitute for the exercise of independent judgment.

This document includes certain statements, estimates and projections concerning the anticipated future performance of securities listed on the Nigerian Exchange and as to the market for these shares. Such statements, estimates and projections are based on information that we consider reliable and may reflect various assumptions made concerning anticipated economic developments, which have not been independently verified and may or may not prove correct. No representation or warranty is made as to the accuracy of such statements, estimates and projections or as to their appropriateness for the purpose intended and it should not be relied upon as such. Opinions expressed are current opinions as of the date appearing on this material only and may change without notice. Other third parties may have issued other reports that are inconsistent with and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them.

This document is for information purposes only and private circulation. No portion of this document may be reprinted, sold or redistributed without the written consent of WSTC Securities.

Additional information on recommended securities/instruments is available on request.

WSTC Securities Limited is a Trading License Holder of the Nigerian Exchange Limited (NGX) and is registered with the Securities & Exchange Commission (SEC) as a Broker/Dealer to conduct Securities Brokerage & Dealing in Nigeria. Therefore, we may deal in any securities listed on the NGX.

WSTC Securities Limited has its registered office at 2, Maitama Sule Street, South-West Ikoyi, Lagos, Nigeria.

Email: research@wstc.com.ng
Website: www.wstc.com.ng