CADBURY NIGERIA PLC

...Q2 Growth Provides Relief After Weak Q1

September 15, 2026.

Earnings Note

Highlights

- Revenue increased by 9% Year-on-year (YoY) from ₦40.02 billion in Q2 2025 to ₦43.51 billion in Q2 2026.
- Gross profit increased by 36% YoY from ₦9.71 billion to ₦13.23 billion, while gross margin improved from 24% to 30%.
- Operating profit increased by 7% YoY from ₦6.59 billion to ₦7.05 billion.
- Profit after tax also increased by 7% YoY from ₦4.20 billion to ₦4.47 billion in Q2 2026.

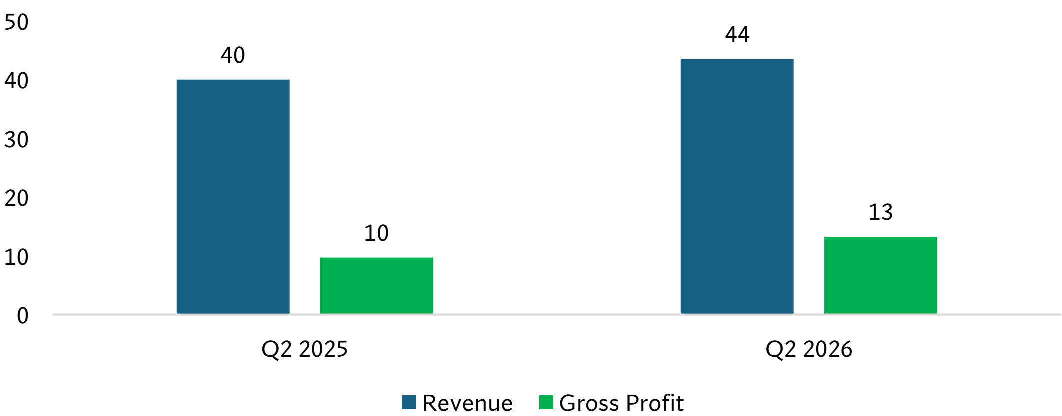
Income Statement

Cadbury Nigeria reported moderate revenue growth in Q2 2026 as it increased by 9% YoY from ₦40.02 billion in Q2 2025 to ₦43.51 billion in Q2 2026, and domestic sales remained the largest contributor at 91%, while export sales contributed 9%.

The more encouraging part of the quarter was the improvement in gross profitability. Cost of sales remained broadly flat, as it increased marginally from ₦30.32 billion in Q2 2025 to ₦30.28 billion in Q2 2026, despite the 9% increase in revenue. This helped gross profit increase by 36% YoY from ₦9.71 billion to ₦13.23 billion. This is largely attributed to the global decline in the cost of cocoa, as it constitutes the major raw material for its products.

On the back of that, gross margin improved significantly from 24% in Q2 2025 to 30% in Q2 2026. This shows that Cadbury benefited from better cost management and was able to retain more of its revenue after production costs.

Revenue & Gross Profit (₦'Billion)



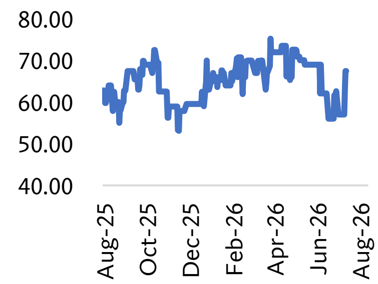
Source: Company accounts, WSTC Research

However, the improvement at the gross profit level did not fully translate into operating earnings. Selling and distribution expenses increased by 113% from ₦2.64 billion in Q2 2025 to ₦5.61 billion in Q2 2026, while administrative expenses increased by 441% from ₦64 million to ₦344 million. Overall, operating expenses increased by 120% YoY from ₦2.70 billion to ₦5.95 billion. We attributed the higher operating expenses to higher freight costs, likely due to the increase in global energy costs

Fair Value Estimate: ₦ 97.24

Stock Data	
Current price (N)	58.45
Shares Outstanding (mn)	2,280
Market Cap (N'mn)	133,283
52-week high (N)	75.25
52-week low (N)	53.10
Trailing EPS (N)	5.30
Forward EPS (N)	9.49
Forward PE (X)	6.16
Justified PE Multiple (X)	10.25

Price Movement



Stock Data	FY 2025	FY 2025	FY 2026F
P/E	N/A	11.02x	6.16x
P/BV	30.44x	8.09x	3.50x
PBT Margin	-22%	10%	16%
PAT Margin	-17%	7%	16%
RoE	N/A	116%	79%
Dividend Yield	0%	0%	0%

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arising from the US-Iran tension in the Middle East. As a result, operating profit increased by only 7% YoY from ₦6.59 billion in Q2 2025 to ₦7.05 billion in Q2 2026, despite the 36% increase in gross profit. Operating margin therefore remained broadly stable at around 16%.

Below the operating line, the result was relatively stable. Finance cost declined by 13% YoY from ₦739.00 million in Q2 2025 to ₦640.00 million in Q2 2026 as the Company continued to deleverage its balance sheet, for reference, total borrowings declined by 42% YoY from ₦32.21 billion to ₦18.76 billion, while finance income increased by 6% YoY from ₦74.00 million to ₦79.00 million. Overall, the net finance cost decreased by 16% YoY from ₦665.00 million in Q2 2025 to ₦652.00 million in Q2 2026.

As a result, profit before tax increased by 7% from ₦5.99 billion to ₦6.39 billion. Following a 7% increase in income tax from ₦1.80 billion to ₦1.92 billion, profit after tax increased by 7% from ₦4.20 billion in Q2 2025 to ₦4.47 billion in Q2 2026.

Outlook

Improvement in gross margin is encouraging, particularly as cost of sales remained broadly flat. This means that the company is gaining some relief on production costs. The moderation in the company's major raw material (global cocoa) prices from their previous highs in the last two years should continue to provide support to Cadbury's production costs and keep margins in control.

However, the main issue to watch is operating expenses. Selling and distribution expenses more than doubled in Q2 and absorbed much of the improvement in gross profit. If these costs remain high, stronger revenue growth will be needed for the improvement in gross margin to translate into meaningful earnings growth going forward.

Borrowings have also declined significantly (From N22.81 billion in FY 2025 to N18.76 billion in Q2 2026). This should help keep finance costs under control and reduce pressure on future earnings going forward.

We therefore see Cadbury's fundamentals improving, but the recovery is still uneven and recommend a hold for existing shareholders.

Q2 2026 Financial Performance

Income Statement (N'mn)	Q2 2026	Q2 2025	(%)
Revenue	**43,514**	**40,022**	**9%**
Cost of Sales	(30,283)	(30,318)	0%
Gross Profit	**13,231**	**9,705**	**36%**
Other expenses	(226)	(415)	45%
Operating income	**13,005**	**9,290**	**40%**
Selling and distribution expenses	(5,610)	(2,639)	113%
Administrative expense	(344)	(64)	441%
Operating expenses	**(5,954)**	**(2,703)**	**120%**
Operating profit	**7,051**	**6,587**	**7%**
Non-Operating loss	**(665)**	**(594)**	**12%**
Finance income	79	74	6%
Finance cost	(640)	(739)	-13%
FX gain/(loss)	(103)	71	245%
Profit before tax	**6,386**	**5,993**	**7%**
Tax expense	(1,916)	(1,798)	7%
Profit after tax	**4,470**	**4,195**	**7%**

Source: Company Accounts, WSTC Research

H1 2026 Financial Performance

Income Statement (N'mn)	H1 2026	H1 2025	(%)
Revenue	**83,349**	**77,251**	**8%**
Cost of Sales	(59,226)	(55,392)	7%
Gross Profit	**24,122**	**21,859**	**10%**
Other income expenses	(517)	(24)	2023%
Operating income	**23,606**	**21,834**	**8%**
Selling and distribution expenses	(10,767)	(4,900)	120%
Administrative expense	(1,069)	(661)	62%
Operating expenses	**(11,836)**	**(5,561)**	**113%**
Operating profit	**11,770**	**16,273**	**-28%**
Non-Operating loss	**(187)**	**(1,738)**	**-89%**
Finance income	161	146	10%
Finance cost	(1,113)	(2,133)	-48%
FX gain	765	249	207%
Profit before tax	**11,583**	**14,535**	**-20%**
Tax expense	(3,475)	(4,361)	-20%
Profit after tax	**8,108**	**10,175**	**-20%**
Balance Sheet (N'mn)	**H1 2026**	**H1 2025**	**(%)**
Assets			
PPE	18,924	18,547	2%
Inventory	29,396	34,512	-15%
Receivables	14,624	8,734	67%
Prepayments	730	973	-25%
Cash	9,985	8,459	18%
Others	9,696	16,357	-41%
Total Assets	**83,355**	**87,583**	**-5%**
Liabilities			
Borrowings	18,760	32,210	-42%
Payables	39,704	36,058	10%
Others	3,364	4,761	-29%
Total Liabilities	**61,827**	**73,029**	**-15%**
Net Assets	**21,528**	**14,554**	**48%**

Source: Company Accounts, WSTC Research

Financial Projections

Income statement (NGN mn)	2024	2025	2026F	2027F	2028F	2029F	2030F	2031F
Revenue	129,165	169,837	195,379	221,486	250,658	279,202	311,286	343,739
EBITDA	7,887	22,699	35,855	45,090	64,936	73,444	80,689	89,126
EBIT	5,961	20,551	33,455	42,803	62,361	70,576	77,487	85,590
Profit before taxation (PBT)	(28,326)	17,268	31,812	41,776	62,126	70,967	78,215	86,504
Net profit (PAT)	(22,225)	12,090	21,632	28,408	42,246	48,258	53,186	58,823
EPS (₦)	-9.75	5.30	9.49	12.46	18.53	21.16	23.32	25.80
DPS (₦)	0.00	0.00	0.00	0.00	4.63	6.35	8.16	10.32

Balance sheet (NGN mn)	2024	2025	2026F	2027F	2028F	2029F	2030F	2031F
Current assets	39,358	46,109	52,512	71,601	99,088	124,518	151,903	180,685
Non-current assets	33,086	36,036	38,404	41,079	43,116	44,827	46,419	47,832
Total assets	72,444	82,144	90,915	112,679	142,203	169,344	198,322	228,517
Current liabilities	67,242	64,820	57,000	56,736	50,858	48,136	47,022	46,589
Non-current liabilities	823	856	859	861	864	866	869	872
Shareholders' equity	4,379	16,468	38,101	66,508	108,754	146,450	185,159	225,367
Book value per share (₦)	1.92	7.22	16.71	29.17	47.69	64.22	81.20	98.83

Cash flow statement (NGN mn)	2024	2025	2026F	2027F	2028F	2029F	2030F	2031F
Cash from operating activities	22,825	27,145	29,484	44,485	64,064	72,212	81,769	88,129
Cash from investing activities	(4,498)	(9,256)	(4,196)	(4,243)	(3,854)	(3,715)	(3,818)	(3,882)
Cash from financing activities	(13,625)	(17,023)	(3,479)	(1,034)	(5,534)	(14,560)	(17,724)	(20,142)
Net increase/ (decrease) in cash	1,986	(5,802)	6,586	19,457	27,949	23,391	26,579	26,840
Free cash flow	15,176	15,499	9,493	19,773	32,725	37,088	43,327	45,915

Ratio analysis	2024	2025	2026F	2027F	2028F	2029F	2030F	2031F
EBITDA margin	6%	13%	18%	20%	26%	26%	26%	26%
Operating margin	5%	12%	17%	19%	25%	25%	25%	25%
ROE	761%	116%	79%	54%	48%	38%	32%	29%
ROA	-32%	16%	25%	28%	33%	31%	29%	28%
Dividend payout ratio (%)	0%	0%	0%	0%	25%	30%	35%	40%

Source: Company Accounts, WSTC Research

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