GUINNESS NIGERIA PLC

.... From Recovery to Sustainable Growth

August 31, 2026.

Earnings Note

Highlights

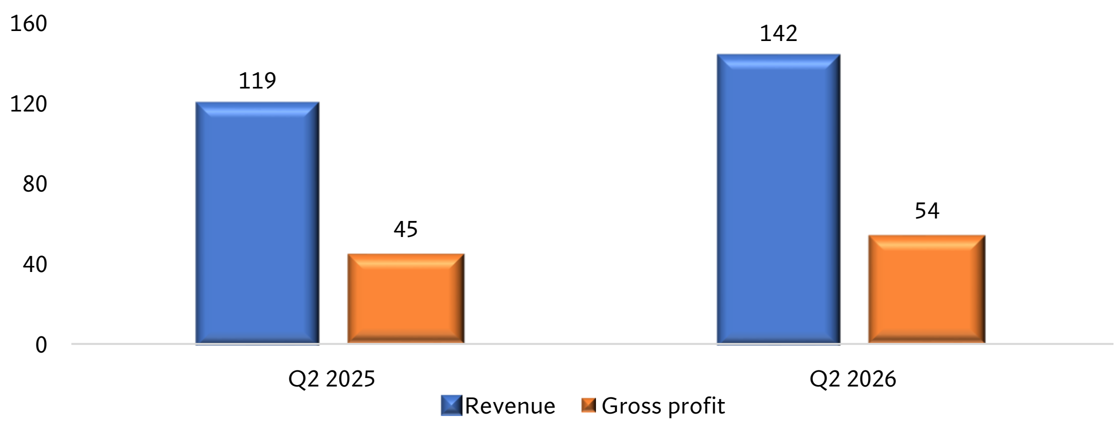
- Guinness Nigeria Plc declared an interim dividend of ₦7.00 per share.
- Revenue grew by 20% Year-on-year (YoY) from ₦118.66 billion in Q2 2025 to ₦142.27 billion in Q2 2026.
- Gross profit grew by 20% YoY from ₦44.86 billion to ₦53.99 billion, while gross margin remained flat at 38%.
- Operating profit increased by 34% YoY from ₦18.16 billion to ₦24.34 billion.
- Profit after tax increased by 56% YoY from ₦9.57 billion to ₦14.91 billion.

Income Statement

Guinness Nigeria Plc sustained positive momentum across its Q2 2026 performance as revenue increased by 20% YoY from ₦118.66 billion in Q2 2025 to ₦142.27 billion in Q2 2026.

Cost of sales increased in line with revenue as it rose by 20% YoY from ₦73.81 billion in Q2 2025 to ₦88.28 billion in Q2 2026. As a result, gross profit increased by 20% from ₦44.86 billion to ₦53.99 billion, while gross margin remained flat at 38%. Gross margin remaining unchanged YoY should be seen as a positive notch for management, as the company was able to grow revenue and avoid an erosion in margin despite the increased cost pressures facing the consumer goods sector, i.e. hikes in energy prices during the quarter.

Revenue & Gross Profit (₦'Billion)



Source: Company accounts, WSTC Research

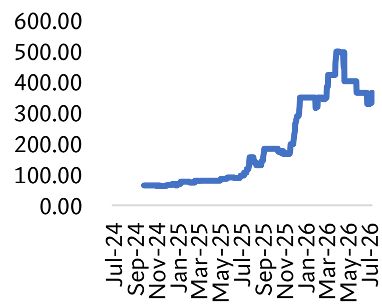
Operating expenses increased by only 12% YoY from ₦26.73 billion in Q2 2025 to ₦29.82 billion in Q2 2026. Marketing expenses increased by 15% from ₦18.93 billion to ₦21.71 billion. Administrative expenses increased by only 4% from ₦7.80 billion to ₦8.11 billion.

As a result, operating profit increased by 34% from ₦18.16 billion to ₦24.34 billion, while operating margin improved from 15% to 17%. WSTC Research's view is that the faster growth in operating profit is a key signal in the overall result,

Fair Value Estimate: ₦495.53

Stock Data	
Current price (N)	384.80
Shares Outstanding (mn)	2,190
Market Cap (N'mn)	842,859
52-week high (N)	499.00
52-week low (N)	141.90
Trailing EPS (N)	18.79
Forward EPS (N)	25.69
Forward PE (X)	14.98
Justified PE Multiple (X)	19.29

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	N/A	20.48x	14.98x
P/BV	389.95x	19.45x	8.46x
PBT Margin	-25%	9%	15%
PAT Margin	-18%	6%	10%
RoE	N/A	181%	79%
Dividend Yield	0%	0%	5%

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Net finance costs declined by 61% YoY from ₦4.52 billion in Q2 2025 to ₦1.75 billion in Q2 2026, as finance costs fell by 78% from ₦8.46 billion to ₦1.89 billion due to the lower debt balances on the balance sheet (from ₦ 58.70 billion to ₦ 22.93 billion YoY).

The lower interest burden from financing proved a meaningful boost to earnings and supported by Profit before tax (PBT) increase of 66% from ₦13.64 billion to ₦22.59 billion. Following a tax charge of ₦7.68 billion in Q2 2026, Profit after tax (PAT) increased by 56%YoY from ₦9.57 billion to ₦14.91 billion.

Outlook

We remain positive on Guinness Nigeria's outlook for FY 2026. The Q2 result shows a healthier earnings structure as revenue grew at a good pace while operating expenses increased more slowly. This has allowed operating profit to grow faster than revenue, which shows that the company is benefiting from its economies of scale i.e. for every additional unit produced the cost of the additional unit is reduced relative to the previous unit produced.

Guinness Nigeria Plc continues to be a Value company in the Nigerian FMCG (Fast Moving Consumer Goods) landscape. This is evident in its consistency in dividend policy since the change in management.

WSTC Research is of the view that Guinness Nigeria Plc is a value company as it is relatively undervalued at the current market price. The expectation is for potential upside in capital gains and an opportunity for consistent and predictable dividends. A great diversifier for an existing portfolio concentrated in any one sector and a good foundation for any new portfolio being created.

Q2 2026 Financial Performance

Income Statement (N'mn)	Q2 2026	Q2 2025	(%)
Revenue	**142,270**	**118,663**	**20%**
Cost	(88,279)	(73,805)	20%
Gross profit	**53,991**	**44,858**	**20%**
Other income	167	32	413%
Operating income	**54,158**	**44,890**	**21%**
Marketing expense	(21,707)	(18,928)	15%
Admin expense	(8,110)	(7,800)	4%
Operating expense	**(29,818)**	**(26,729)**	**12%**
Operating profit	**24,340**	**18,161**	**34%**
Non-operating expense	**(1,750)**	**(4,523)**	**-61%**
Finance income	135	3,935	-97%
Finance cost	(1,885)	(8,458)	-78%
Profit before tax	**22,590**	**13,638**	**66%**
Income tax	(7,681)	(4,069)	89%
Profit after tax	**14,909**	**9,570**	**56%**

Source: Company Accounts, WSTC Research

H1 2026 Financial Performance

Income Statement (N'mn)	H1 2026	H1 2025	(%)
Revenue	**265,043**	**237,001**	**12%**
Cost	(167,574)	(147,618)	14%
Gross profit	**97,469**	**89,383**	**9%**
Other income	470	62	662%
Operating income	**97,939**	**89,444**	**9%**
Marketing expense	(40,192)	(37,808)	6%
Admin expense	(16,227)	(15,479)	5%
Operating expense	**(56,419)**	**(53,288)**	**6%**
Operating profit	**41,520**	**36,156**	**15%**
Non-operating income/(expense)	**(3,184)**	**(12,330)**	**-74%**
Finance income	1,181	111	967%
Finance cost	(4,364)	(12,440)	-65%
Profit before tax	**38,336**	**23,827**	**61%**
Income tax	(13,034)	(7,321)	78%
Profit after tax	**25,302**	**16,506**	53%

Balance Sheet (N'mn)	H1 2026	H1 2025	(%)
Assets			
PP & E	137,929	115,033	20%
Inventories	53,601	76,777	-30%
Receivables	39,045	48,749	-20%
Prepayments	14,821	9,419	57%
Cash	3,533	4,048	-13%
Others	6,409	19,484	-67%
Total Assets	**255,338**	**273,510**	**-7%**
Liabilities			
Borrowings	22,926	58,701	-61%
Payables	138,811	182,215	-24%
Others	29,356	14,229	106%
Total Liabilities	**191,093**	**255,145**	**-25%**
Net Assets	**64,245**	**18,364**	**250%**

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	543,559	674,013	842,517	968,894	1,114,228	1,281,363	1,473,567
EBITDA	35,504	108,841	103,928	131,063	165,091	188,657	217,069	248,264	285,550
EBIT	25,423	89,269	91,674	117,557	147,325	169,206	194,712	223,847	257,466
Profit before taxation (PBT)	(73,680)	68,392	83,894	95,866	122,140	142,114	160,583	187,680	217,357
Net profit (PAT)	(54,767)	41,163	56,281	64,313	81,939	95,338	107,728	125,907	145,816
EPS (₦)	(25.00)	18.79	25.69	29.36	37.41	43.53	49.18	57.48	66.57
DPS (₦)	0.00	0.00	20.04	22.90	29.18	33.95	38.36	44.84	51.93

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	104,330	111,831	137,457	131,743	133,479	161,810	188,956
Non-current assets	122,575	133,249	149,096	166,958	188,431	214,646	247,676	251,400	253,470
Total assets	226,130	245,177	253,426	278,789	325,887	346,389	381,154	413,210	442,426
Current liabilities	222,469	190,709	207,718	255,505	291,954	334,457	397,299	458,132	520,995
Non-current liabilities	1,284	11,143	4,027	4,053	36,797	41,729	47,400	53,922	61,423
Shareholders' equity	2,161	43,324	99,605	120,019	151,794	183,219	216,584	258,462	306,071
Book value per share (₦)	0.99	19.78	45.47	54.79	69.30	83.65	98.88	118.00	139.73

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	37,815	83,464	119,689	110,863	130,713	143,886	169,111
Cash from investing activities	(6,222)	(47,047)	(25,422)	(30,355)	(36,297)	(40,413)	(49,346)	(21,193)	(22,165)
Cash from financing activities	(123,799)	(23,037)	(10,930)	(56,141)	(57,342)	(85,007)	(87,632)	(107,640)	(130,972)
Net increase/ (decrease) in cash	(49,881)	(36,466)	1,463	(3,032)	26,051	(14,557)	(6,266)	15,053	15,974
Free cash flow to equity	(52,202)	(29,235)	(1,108)	39,990	73,441	44,296	62,280	92,390	106,486

Ratio analysis	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F	FY 2032F
EBITDA margin	12%	15%	19%	19%	20%	19%	19%	19%	19%
Operating margin	8%	12%	17%	17%	17%	17%	17%	17%	17%
ROE	-187%	181%	79%	59%	60%	57%	54%	53%	52%
ROA	-23%	17%	23%	24%	27%	28%	30%	32%	34%
Dividend payout ratio (%)	0%	0%	78%	78%	78%	78%	78%	78%	78%

Source: Company Accounts, WSTC Research

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

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- 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.

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