NIGERIAN BREWERIES PLC

...Recovery Strengthens as Finance Costs Ease

September 3, 2026.

Earnings Note

Highlights

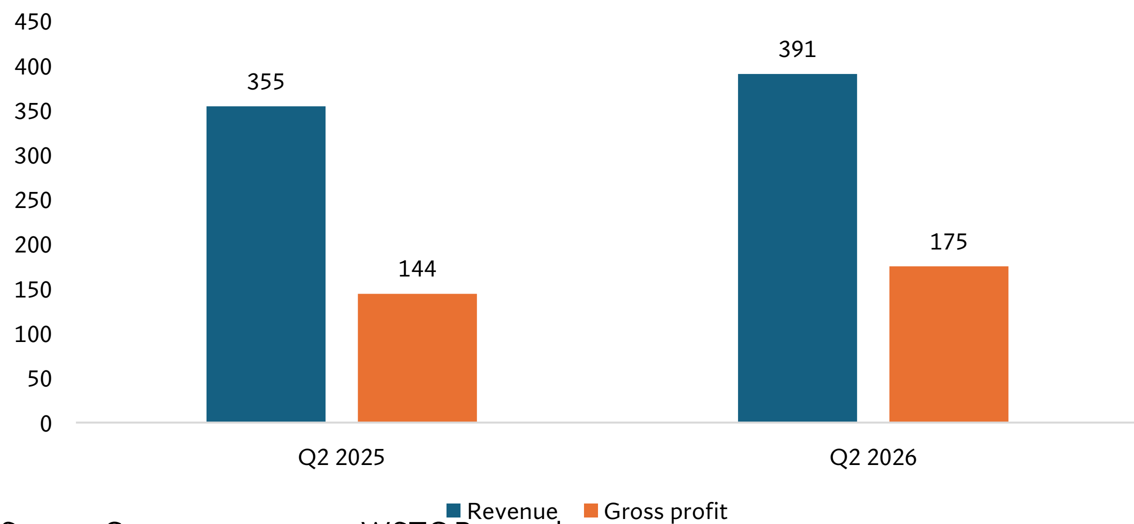
- Revenue increased by 10% Year-on-year (YoY) from ₦354.51 billion in Q2 2025 to ₦390.67 billion in Q2 2026.
- Gross profit increased by 21% YoY from ₦144.43 billion to ₦175.01 billion, while gross margin improved from 41% to 45%.
- Operating profit increased by 15% YoY from ₦66.63 billion to ₦76.61 billion.
- Profit after tax declined by 16% YoY from ₦43.87 billion to ₦37.01 billion.

Income Statement

Revenue increased by 10% YoY from ₦354.51 billion in Q2 2025 to ₦390.67 billion in Q2 2026. The growth in revenue is attributable to management actions and strategic management initiatives in its key brands (brands such as Heineken, Star and Gulder) and the malt category (Amstel Malta, Maltina, Hi-Malt and Zagg).

Gross profit was encouraging as cost of sales increased by only 3% YoY from ₦210.08 billion in Q2 2025 to ₦215.66 billion in Q2 2026, this was below the 10% growth in revenue. This performance allowed for a profit increase of 21% YoY from ₦144.43 billion to ₦175.01 billion, while gross margin improved from 41% to 45%.

Revenue & Gross Profit (₦'Billion)



Source: Company accounts, WSTC Research

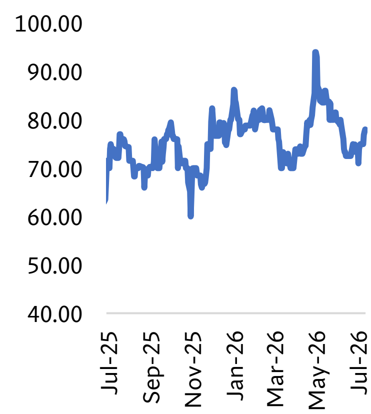
Operating expenses, however, did increase at a faster rate than revenue. Marketing and distribution expenses increased by 33% YoY from ₦64.41 billion in Q2 2025 to ₦85.89 billion in Q2 2026. A lot of this spending is attributable to the continued brand presence of the company's product in key markets across Nigeria e.g. Southeastern part of Nigeria. Administrative expenses declined by 3% from ₦14.15 billion to ₦13.69 billion YoY. Overall, operating and administrative expenses did have a 26.7% increase YoY from ₦78.56 billion to ₦99.58 billion.

Operating profit increased by 15% from ₦66.63 billion in Q2 2025 to ₦76.61 billion in Q2 2026. The improvement in earnings becomes more visible below the operating line.

Fair Value Estimate: ₦ 111.36

Stock Data	
Current price (N)	75.00
Shares Outstanding (mn)	30,983
Market Cap (N'mn)	2,323,725
52-week high (N)	103.00
52-week low (N)	60.00
Trailing EPS (N)	3.20
Forward EPS (N)	6.03
Forward PE (X)	12.44
Justified PE Multiple (X)	18.45

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	N/A	23.45x	12.43x
P/BV	5.01x	4.15x	3.21x
PBT Margin	-17%	11%	17%
PAT Margin	-13%	7%	11%
RoE	-55%	19%	29%
Dividend Yield	0%	0%	4%

Analysts

Habeeb Oladehinde
h.oladehinde@wstc.com.ng

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

Desmond Gabriel
d.gabriel@wstc.com.ng

Sylvia Ogwuru
s.ogwuru@wstc.com.ng

Finance costs declined by 85% from ₦12.46 billion in Q2 2025 to ₦1.88 billion in Q2 2026, while finance income increased by 101% from ₦589 million to ₦1.19 billion YoY. The significant reduction in in finance costs evidenced the Group's deliberate deleveraging strategy following its ₦599.10 billion rights issue in 2024, which was aimed to strengthen the balance sheet and reduce its debt and foreign exchange exposure. Since then, NB has progressively reduced its borrowings from ₦341.63 billion at the end of 2023 to ₦209.05 billion in FY2024, ₦59.71 billion in FY2025, and ultimately zero as at H1 2026.

Profit before tax (PBT) increased by 22% from ₦62.25 billion to ₦75.92 billion YoY. However, this improvement in profit before tax did not translate into higher Profit after tax (PAT).

Income tax on the other hand increased by 112% from ₦18.39 billion in Q2 2025 to ₦38.91 billion in Q2 2026. This pushed the effective tax rate to approximately 51% in Q2 2026, compared with about 30% in Q2 2025. The company specifically noted that the implementation of the new tax rates moderated the growth in Profit after tax (PAT). For this reason, PAT declined by 16% from ₦43.87 billion in Q2 2025 to ₦37.01 billion in Q2 2026.

Outlook

WSTC Research expects continued investments in brand visibility and distribution, which is necessary to protect existing market share and continued market penetration.

The disinflationary trend in the Nigerian macroeconomic environment is expected to increase consumer purchasing power. The effect of this increase in purchasing power is an expected increase in Nigerian Breweries Plc products. A significant uptick in consumption is expected in Q4, particularly as we approach the end of the year and the festive season.

The balance sheet is in a good position. This is a testament to their recovery efforts from FX exposure due to borrowings pre-2024. For context, the Group has deliberately reduced its total borrowings from ₦341.63 billion at the end of 2023 to zero as at H1 2026. Nigerian Breweries Plc (NB Plc) ended H1 2026 with ₦74.63 billion in cash and no borrowings, while retained earnings returned to a positive ₦13.65 billion from a negative ₦72.17 billion as at FY 2025. A return to positive retained earnings gives the company room to return value to its clients in the form of dividends. This is noteworthy given NB Plc's historically high dividend payout, which has often been above 80% of earnings in profitable years.

WSTC Research considers NB Plc as a good complement to an existing portfolio with a core portfolio of stocks (i.e. a good addition to an existing portfolio of stocks with a sector concentration). As a stand-alone, it has a decent dividend yield, however, one must be cautious to remain in such a company long-term due to potential FX exposure.

Q2 2026 Financial Performance

Income Statement (N'mn)	Q2 2026	Q2 2025	(%)
Revenue	**390,666**	**354,509**	**10%**
Cost of sales	(215,657)	(210,076)	3%
Gross profit	**175,009**	**144,433**	**21%**
Other income	1,180	759	55%
Operating income	**176,190**	**145,192**	**21%**
Marketing and distribution expenses	(85,892)	(64,413)	33%
Administrative expenses	(13,686)	(14,146)	-3%
Operating expense	**(99,578)**	**(78,559)**	**27%**
Operating profit	**76,612**	**66,632**	**15%**
Non-operating profit loss	**(697)**	**(4,378)**	**-84%**
Finance income	1,186	589	101%
Finance cost	(1,883)	(12,463)	-85%
Net loss on foreign exchange transactions	0	7,496	-100%
Profit before tax	**75,915**	**62,254**	**22%**
Income tax	(38,906)	(18,389)	112%
Profit after tax	**37,009**	**43,865**	**-16%**

Source: Company Accounts, WSTC Research

H1 2026 Financial Performance

Income Statement (N'mn)	H1 2026	H1 2025	(%)
Revenue	**803,682**	**738,144**	**9%**
Cost of sales	-448,821	-427,144	5%
Gross profit	**354,861**	**310,999**	**14%**
Other income	2,104	1,514	39%
Operating income	**356,965**	**312,513**	**14%**
Marketing and distribution expenses	(159,618)	(130,674)	22%
Administrative expenses	(33,373)	(29,942)	11%
Operating expense	**(192,991)**	**(160,616)**	**20%**
Operating profit	**163,974**	**151,897**	**8%**
Non-operating profit loss	**(7,648)**	**(19,653)**	**-61%**
Finance income	2,517	854	195%
Finance cost	(10,165)	(27,824)	-63%
Net loss on foreign exchange transactions	0	7,318	-100%
Profit before tax	**156,326**	**132,245**	**18%**
Income tax	(63,372)	(43,827)	45%
Profit after tax	**92,955**	**88,418**	**5%**

Balance Sheet (N'mn)	H1 2026	H1 2025	(%)
Assets			
PP & E	594,569	551,047	8%
Inventory	183,056	211,498	-13%
Receivables	135,359	119,261	13%
Cash	74,626	77,702	-4%
Others	105,933	152,010	-30%
Total Assets	**1,093,544**	**1,111,519**	**-2%**
Liabilities			
Borrowings	0	182,025	-100%
Payables	377,687	338,416	12%
Others	69,993	41,594	68%
Total Liabilities	**447,679**	**562,036**	**-20%**
Net Assets	**645,865**	**549,483**	**18%**

Source: Company Accounts, WSTC Research

Financial Projection

Income statement (N'mn)	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F	FY 2032F
Revenue	1,467,422	1,703,474	1,958,996	2,154,895	2,327,287	2,513,470	2,714,547	2,931,711
EBITDA	282,978	379,581	511,155	555,512	582,377	619,304	646,768	702,470
EBIT	205,199	296,451	391,871	428,903	455,070	480,165	495,505	535,145
Profit before taxation (PBT)	161,062	288,423	376,549	411,756	443,106	469,851	486,440	525,385
Net profit (PAT)	99,100	186,979	256,054	279,994	301,312	319,499	330,779	357,262
EPS (₦)	3.20	6.03	8.26	9.04	9.73	10.31	10.68	11.53
DPS (₦)	0.00	3.02	4.13	4.52	4.86	5.16	5.34	5.77
Balance sheet (N'mn)	**FY 2025**	**FY 2026F**	**FY 2027F**	**FY 2028F**	**FY 2029F**	**FY 2030F**	**FY 2031F**	**FY 2032F**
Current assets	337,771	480,271	621,146	736,923	876,347	1,019,787	1,185,392	1,301,240
Non-current assets	728,346	765,627	803,914	843,239	895,949	949,869	1,009,469	1,068,826
Total assets	1,066,118	1,245,898	1,425,060	1,580,162	1,772,297	1,969,656	2,194,861	2,370,067
Current liabilities	491,651	473,755	510,528	517,635	552,886	584,607	642,756	628,096
Non-current liabilities	14,245	48,315	36,774	35,794	34,027	33,096	30,533	31,836
Long-term debt	0	34,069	22,528	21,549	19,782	18,851	16,287	17,590
Shareholders' equity	560,222	723,829	877,758	1,026,733	1,185,383	1,351,953	1,521,573	1,710,135
Book value per share (₦)	18.08	23.36	28.33	33.14	38.26	43.64	49.11	55.20
Cash Flow Statement (N'mn)	**FY 2025**	**FY 2026F**	**FY 2027F**	**FY 2028F**	**FY 2029F**	**FY 2030F**	**FY 2031F**	**FY 2032F**
Cash from operating activities	228,177	221,653	342,867	422,461	461,193	488,578	529,529	479,221
Cash from investing activities	(123,311)	(115,194)	(153,252)	(162,479)	(175,066)	(187,722)	(205,773)	(221,706)
Cash from financing activities	(196,111)	5,880	(64,314)	(153,973)	(160,956)	(167,417)	(174,962)	(170,841)
Net increase/ (decrease) in cash	(91,245)	112,339	125,300	106,010	125,171	133,439	148,793	86,674
Free cash flow to equity	(89,417)	130,495	223,106	233,573	262,882	281,031	304,863	250,397
Ratio analysis	**FY 2025**	**FY 2026F**	**FY 2027F**	**FY 2028F**	**FY 2029F**	**FY 2030F**	**FY 2031F**	**FY 2032F**
EBITDA margin	19%	22%	26%	26%	25%	25%	24%	24%
Operating margin	14%	17%	20%	20%	20%	19%	18%	18%
ROE	19%	29%	32%	29%	27%	25%	23%	22%
ROA	9%	15%	18%	18%	17%	16%	15%	15%
Dividend payout ratio	0%	50%	50%	50%	50%	50%	50%	50%

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 total return is ≥20% above current market price.
- Hold Rating: estimated total return is between -10% and 19% of current market price.
- Sell Rating: estimated total return 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