UNILEVER NIGERIA PLC

...Higher Costs Put Pressure on Bottom-Line Growth

September 8, 2026.

Earnings Note

Highlights

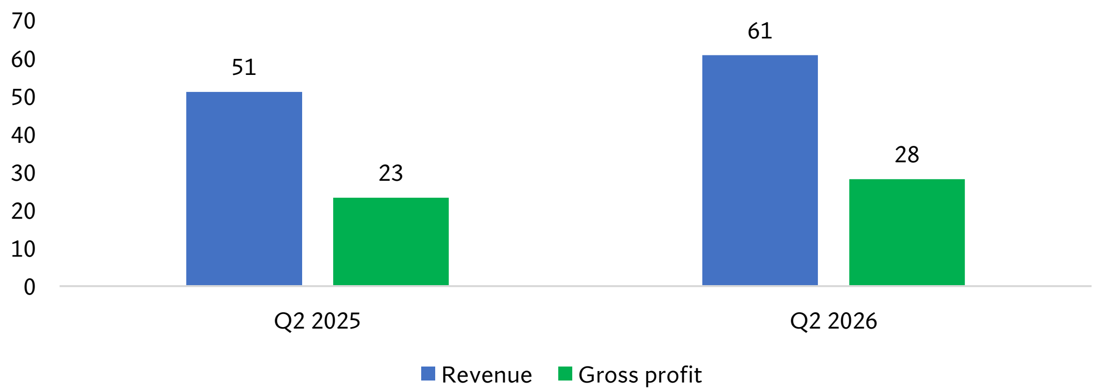
- Declared an interim dividend of N2.00 per share.
- Revenue increased by 19% YoY from ₦51.13 billion in Q2 2025 to ₦60.75 billion in Q2 2026.
- Gross profit increased by 21% YoY from ₦23.26 billion to ₦28.12 billion, with gross margin remaining broadly stable at about 46%.
- Operating profit increased by 24% YoY from ₦10.14 billion to ₦12.61 billion.
- Profit after tax declined by 3% YoY from ₦8.85 billion to ₦8.58 billion.

Income Statement

Unilever Nigeria revenue increased by 19% YoY from ₦51.13 billion in Q2 2025 to ₦60.75 billion in Q2 2026. The growth was broad-based across its three business segments, and the Food segment remained the largest contributor. Food revenue increased by 26% from ₦31.17 billion to ₦39.36 billion, and therefore accounted for about 65% of total revenue. However, Personal Care also grew by 5% from ₦14.45 billion to ₦15.13 billion, while Beauty & Wellbeing increased by 14% from ₦5.51 billion to ₦6.26 billion. The Group revenue is encouraging because it shows that growth was not dependent on a single category. While Foods remained the main growth driver, Personal Care and Beauty & Wellbeing also recorded higher sales.

Higher raw material costs, particularly amid vegetable oil and palm oil prices alongside energy prices, contributed to the cost of sales, which increased by 17% YoY from ₦27.86 billion in Q2 2025 to ₦32.63 billion in Q2 2026, slightly below the 19% increase in revenue. As a result, gross profit increased by 21% from ₦23.26 billion to ₦28.12 billion, while gross margin remained unchanged at 46%. The stable margin shows the company absorbed higher production costs without a significant deterioration in profitability.

Revenue & Gross Profit (₦'Billion)



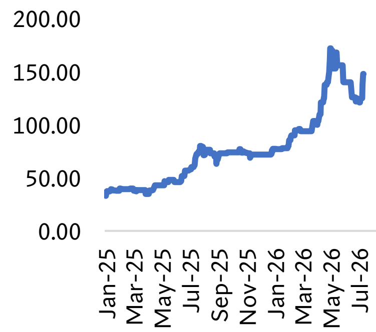
Source: Company accounts, WSTC Research

The company continued to invest in its brands and market presence as marketing and administrative expenses also increased by 8% from ₦11.91 billion to ₦12.81 billion. Selling and distribution expenses increased significantly by 124% from ₦1.29 billion in Q2 2025 to ₦2.90 billion in Q2 2026. The increase was likely driven mainly by higher

Fair Value Estimate: ₦ 134.59

Stock Data	
Current price (N)	110.10
Shares Outstanding (mn)	5,745
Market Cap (N'mn)	632,525
52-week high (N)	172.00
52-week low (N)	63.15
Trailing EPS (N)	5.60
Forward EPS (N)	7.35
Forward PE (X)	14.98
Justified PE Multiple (X)	18.31

Price Movement



Stock Data	FY 2025	FY 2025	FY 2026F
P/E	39.76x	19.64x	14.98x
P/BV	7.37x	5.89x	4.94x
PBT Margin	15%	24%	26%
PAT Margin	11%	15%	16%
RoE	20%	33%	36%
Dividend Yield	1%	3%	5%

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

logistics and transportation costs, as higher energy prices caused by the US-Iran conflict increased the cost of moving products to the market during the quarter. Overall, operating expenses increased by 19% from ₦13.21 billion to ₦15.71 billion, broadly in line with revenue growth.

Despite the higher selling and distribution costs, operating profit increased by 24% from ₦10.14 billion in Q2 2025 to ₦12.61 billion in Q2 2026. This resulted in a slight improvement in operating margin from 20% in the prior year to 21% in Q2 2026. This shows that the additional revenue was able to be converted into operating earnings.

The performance in the non-operating line was mixed. Finance income increased by 47% from ₦2.15 billion in Q2 2025 to ₦3.17 billion in Q2 2026 due to higher cash balances in bank deposit(From N39.00 billion to N58.71 billion YoY), while finance cost declined by 34% YoY slightly from ₦311.00 million to ₦206.00 million due to lower interest expense on the back of lower debt balances from ₦2.75 billion in H1 2025 to ₦2.12 billion in H1 2026.

As a result, profit before tax increased by 18% from ₦13.40 billion in Q2 2025 to ₦15.75 billion in Q2 2026. However, the improvement did not translate into higher profit after tax, as income tax increased by 58% from ₦4.55 billion to ₦7.18 billion. Profits after tax therefore declined by 3% from ₦8.85 billion to ₦8.58 billion. The higher tax charge is attributable to the new tax regime, alongside deferred tax.

Outlook

Going forward, the Foods segment should remain the main contributor to the revenue growth, given its significant contribution relative to total revenue (64% as at H1 2026). However, the continued growth of Personal Care and Beauty & Wellbeing is also encouraging, as it opens the company to a more diversified revenue source.

We also expect continued investment in brands and marketing to support revenue growth, although this is likely to keep operating expenses high in the near term, coupled with the elevated global energy prices that might add pressure to input costs. However, the Q2 result evidenced that the company is currently able to absorb these costs without significant pressure on operating margins.

On dividends, we expect the company to maintain its strong dividend payout. For reference, the company declared an interim dividend of ₦2.00 per share in H1 2026, which represents a payout of 74% of total earnings.

Therefore, WSTC Research views Unilever Nigeria as a good addition to portfolios seeking exposure to the FMCG and personal care sectors, particularly for investors with a medium- to long-term investment horizon.

Q2 2026 Financial Performance

Income Statement (N'mn)	Q2 2026	Q2 2025	(%)
Revenue	**60,751**	**51,126**	**19%**
Cost of sales	(32,627)	(27,864)	17%
Gross profit	**28,124**	**23,263**	**21%**
Other income	195	85	130%
Operating income	**28,319**	**23,347**	**21%**
Selling and distribution expense	(2,897)	(1,292)	124%
Marketing and administrative expense	(12,812)	(11,914)	8%
Operating expense	**(15,708)**	**(13,206)**	**19%**
Operating profit	**12,610**	**10,141**	**24%**
	21%	**20%**	
Non-operating profit	**3,143**	**3,260**	**-4%**
Impairment reversal	265	403	-34%
Finance income	3,175	2,154	47%
FX gain/(loss)	(90)	1,015	-109%
Finance cost	(206)	(311)	-34%
Profit before tax	**15,753**	**13,401**	**18%**
Income tax	(7,175)	(4,548)	58%
Profit after tax	**8,578**	**8,853**	**-3%**

Source: Company Accounts, WSTC Research

H1 2026 Financial Performance

Income Statement (N'mn)	H1 2026	H1 2025	(%)
Revenue	**119,923**	**98,102**	**22%**
Cost of sales	(65,185)	(55,987)	16%
Gross profit	**54,739**	**42,115**	**30%**
Other income	490	161	203%
Operating income	**55,229**	**42,277**	**31%**
Selling and distribution expense	(4,771)	(3,004)	59%
Marketing and administrative expense	(26,389)	(21,003)	26%
Operating expense	**(31,160)**	**(24,007)**	**30%**
Operating profit	**24,068**	**18,270**	**32%**
Non-operating profit	**5,108**	**5,884**	**-13%**
Impairment reversal	291	543	-46%
Finance income	6,513	4,810	35%
FX gain/(loss)	(1,326)	1,015	-231%
Finance cost	(371)	(483)	-23%
Profit before tax	**29,176**	**24,154**	**21%**
Income tax	(13,578)	(9,749)	39%
Profit after tax	**15,598**	**14,405**	**8%**

Balance Sheet (N'mn)	H1 2026	H1 2025	(%)
Assets			
PPE	28,889	21,786	33%
Inventory	26,637	34,582	-23%
Receivables	11,459	10,461	10%
Cash	97,153	83,701	16%
Others	13,103	9,995	31%
Total Assets	**177,241**	**160,524**	**10%**
Liabilities			
Payables	55,512	52,271	6%
Others	17,346	15,923	9%
Total Liabilities	**72,858**	**68,194**	**7%**
Net Assets	**104,383**	**92,330**	**13%**

Source: Company Accounts, WSTC Research

Financial Projections

Income statement (NGN mn)	FY 2023	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Revenue	103,880	149,523	214,302	257,163	308,595	370,314	438,464	520,943
EBITDA	23,070	20,998	45,231	60,367	78,022	100,771	127,667	156,457
EBIT	20,260	18,361	42,207	57,281	74,936	97,438	124,160	152,810
Profit before taxation (PBT)	21,892	22,650	51,727	67,824	90,348	114,125	146,041	179,647
Net profit (PAT)	16,414	15,143	32,199	42,219	56,240	71,041	90,908	111,827
EPS (₦)	2.86	2.64	5.60	7.35	9.79	12.37	15.82	19.47
DPS (₦)	0.75	1.25	3.75	5.14	6.85	8.66	11.08	13.63

Balance sheet (NGN mn)	FY 2023	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Current assets	96,035	116,224	152,577	172,535	200,445	232,501	268,745	313,288
Non-current assets	20,223	25,372	27,329	30,241	32,093	34,130	36,322	38,406
Total assets	116,302	141,647	180,179	202,776	232,538	266,631	305,067	351,693
Current liabilities	33,797	50,848	68,277	70,650	73,982	76,649	74,106	73,116
Non-current liabilities	7,996	5,693	4,446	3,995	3,738	3,491	3,291	2,716
Shareholders' equity	74,509	85,106	107,456	128,131	154,818	186,491	227,670	275,861
Book value per share (₦)	12.97	14.81	18.70	22.30	26.95	32.46	39.63	48.02

Cash flow statement (NGN mn)	FY 2023	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Cash from operating activities	(3,785)	14,548	45,898	36,863	40,185	55,297	71,809	89,980
Cash from investing activities	1,542	(2,618)	5,341	8,059	13,149	13,589	18,095	22,401
Cash from financing activities	(8,268)	(7,179)	(9,473)	(25,236)	(32,485)	(41,886)	(51,842)	(65,504)
Net increase/ (decrease) in cash	(10,510)	4,750	41,766	19,686	20,849	27,001	38,062	46,876
Free cash flow to equity	(7,986)	6,159	40,490	27,172	32,316	47,410	63,995	82,381

Ratio analysis	FY 2023	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
EBITDA margin	22%	14%	21%	23%	25%	27%	29%	30%
Operating margin	20%	12%	20%	22%	24%	26%	28%	29%
ROE	23%	19%	33%	36%	40%	42%	44%	44%
ROA	13%	9%	16%	18%	21%	23%	26%	27%
Dividend payout ratio (%)	26%	47%	67%	70%	70%	70%	70%	70%

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