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BLOOMBERG: BUACEMEN NL

Higher pricing and FX tailwinds lift H1’26 earnings

Cardinalstone Research

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BUA Cement Plc (NGX: BUACEMENT; TP: UR) in its recently released H1'26 results posted a 79.6% YoY growth in EPS to N9.59. The surge in earnings was driven by solid topline growth, muted cost of sales growth relative to revenue, lower finance costs, and a net foreign exchange gain recorded in the period.

Revenue grew by 25.6% YoY to N728.9 billion, likely supported by an elevated pricing environment, with retail cement prices reportedly rising above 20% since the start of the year. Cost of Sales grew by a modest 2.7% YoY to N301.9 billion, despite slightly higher energy consumption (+6.25% YoY) due to a rise in energy costs largely in Q2’26. The company continues to report a moderation in operation and maintenance service charges (-22.2% YoY) owing to renegotiations done with contractors in H2'25. As a result, gross margin expanded by 9.2 ppts to 58.6%.

OPEX growth rose by 33.9% YoY to N56.3 billion, owing to higher distribution costs (+47.4% YoY to N32.5 billion), with distribution costs in Q2'26 accounting for 64.9% of the total for the half, consistent with the higher AGO costs reported for most of the quarter. EBIT margin, however, strengthened by 8.6 ppts to settle at 50.9%.

Net finance costs moderated by 89.1% YoY to N3.4 billion, partly due to lower interest expenses (-26.4% YoY to N24.1 billion) and a decline in unwinding of discount on provisions (-81.7% YoY to N917.7 million). In addition, a net foreign exchange income of N16.6 billion was reported, owing to favourable FX movements on the company's foreign-denominated liabilities. PBT margins surged 15.7 ppts to 52.7%

With the effective tax rate relatively flat at 15.5%, Net profit margin improved by 13.4 ppts to 44.6%, while PAT surged to N324.9 billion (+79.6% YoY). Annualised ROAE and ROAA increased by 22.0 ppts and 11.7 ppts, respectively to 97.6% and 34.4%, signifying improving returns on investments for the period

* UR – Under Review

H1'26 Earnings breakdown

Income Statement, N'million	H1'26	H1'25	YoY	FY'26E	% of FY'26E
Revenue	**728,925**	**580,304**	**25.6%**	**1,407,137**	**51.8%**
COGS	(301,892)	(293,944)	2.7%	(612,104)	49.3%
Gross Profit	**427,033**	**286,360**	**49.1%**	**795,032**	**53.7%**
Other Income	510	1,057	-51.8%	2,111	24.1%
OPEX	(56,272)	(42,024)	33.9%	(103,459)	54.4%
EBIT	**371,271**	**245,394**	**51.3%**	**693,684**	**53.5%**
Net Finance Income / (Expenses)	(3,408)	(31,373)	-89.1%	(19,581)	17.4%
Net Exchange Gain / (Loss)	16,575	783	2,017.3%	20,000	82.9%
Minimum Tax	-	-	-	-	-
PBT	**384,438**	**214,803**	**79.0%**	**694,103**	**55.4%**
Income tax credit/(expense)	(59,559)	(33,908)	75.6%	(135,350)	44.0%
Net Income	**324,878**	**180,895**	**79.6%**	**558,753**	**58.1%**
EPS (Naira)	**9.59**	**5.34**	**79.6%**	**16.50**	**58.1%**
Ratios	**H1'26**	**H1'25**		**FY'26E**	
Gross Margin	58.6%	49.3%		56.5%	
EBIT Margin	50.9%	42.3%		49.3%	
PBT Margin	52.7%	37.0%		49.3%	
Tax Rate	15.5%	15.8%		19.5%	
Net Profit Margin	44.6%	31.2%		39.7%	
ROAE	97.6%	75.5%		71.4%	
ROAA	34.4%	22.8%		29.2%	
EV/EBITDA	16.6x				
P/E	21.0x				
10 year average EV/EBITDA	20.7x				
10 year average P/E	36.9x				

Q2'26 Earnings breakdown

Income Statement, N'million	Q2'26	Q2'25	YoY
Revenue	**373,946**	**289,483**	**29.2%**
COGS	(148,812)	(141,877)	4.9%
Gross Profit	**225,134**	**147,606**	**52.5%**
Other Income	189	311	-39.0%
OPEX	(33,561)	(21,559)	55.7%
EBIT	**191,762**	**126,358**	**51.8%**
Net Interest Income / (Expenses)	(3,570)	(13,581)	-73.7%
Net Exchange Gain / (Loss)	3,561	1,620	119.9%
Minimum Tax	-	665	na
PBT	**191,753**	**115,062**	**66.7%**
Income tax credit/(expense)	(43,252)	(15,291)	182.9%
Net Income	**148,501**	**99,771**	**48.8%**
EPS (Naira)	**4.39**	**2.95**	**48.8%**
Ratios	**Q2'26**	**Q2'25**	
Gross Margin	60.2%	51.0%	
EBIT Margin	51.3%	43.6%	
PBT Margin	51.3%	39.7%	
Tax Rate	22.6%	13.3%	
Net Profit Margin	39.7%	34.5%	

Source: S&P CapitalIQ, Cardinalstone Research

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