

NIGERIAN EXCHANGE GROUP PLC

BLOOMBERG: NGXGROUP NL

Robust transaction fees offset plunge in other income

In its recently released audited FY'25 financial results, the Nigerian Exchange Group Plc (NGX: NGXGROUP - TP: UR) reported a 5.6% YoY growth in Earnings Per Share (EPS) to N4.75. The positive print benefited from a 36.0% YoY rise in topline, and the impact of the Group's deleveraging efforts, which resulted in a 67.0% YoY decline in finance cost. However, a 54.5% YoY dip in other income and a 31.3% YoY fall in the share of profit from investment in associates pressured earnings.

In FY'25, the equities market witnessed increased participation, fueling a 91.4% YoY surge in transaction fees to N15.1 billion. Transaction fees remained the key driver for the Group's topline, accounting for 65.8% of total revenue (vs 46.8% in FY'24). Albeit, the Naira appreciation in FY'25 resulted in a N465.4 million unrealized net-foreign exchange loss, a complete reversal from the N4.0 billion gain booked in FY'24, which limited total income expansion to 9.2% YoY. EBIT margin, however, improved by 4.3ppts to 48.0% on account of OPEX remaining flattish as lesser expenditure on market development expenses (-36.0% YoY) and property & facility related expenses (-43.0% YoY) were incurred.

Below the line, finance cost fell by 67.0% YoY to N763.0 million (FY'24: N2.3 billion) as the Group fully repaid its term borrowings (N6.0 billion in FY'24), leveraging its improving cash position (FY'25: N2.6 billion, FY'24: N870.8 billion) while also reflecting a slowdown in the accumulation of investment securities. For context, NGXGROUP reported a net maturity of financial assets to the tune of N8.1 billion, compared to FY'24, where there was a net purchase of financial assets worth c.N6.1 billion.

Elsewhere, FY'25 was also occasioned by a 31.3% decrease in the share of profit from its investment in associates. NG Clearing Limited reported a N2.3 billion loss in FY'25, resulting in NGXGROUP incurring a N647.9 million share of loss. At the same time, its share of profit from Central Securities Clearing Systems Plc (CSCS) fell by 15.9% YoY to N4.4 billion.

Ultimately, PAT rose by a meagre 5.6% YoY to N10.5 billion, despite the 5.5ppts uptick in Effective Tax Rate (ETR) to 32.6%. Profitability metrics Return on Average Asset (ROAA) and Return on Average Equity (ROAE) both contracted to 20.1% (FY'24: 21.0%) and 26.9% (FY'24: 29.1%).

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The Group proposed a N2.00 dividend/share for FY'25 and one (1) bonus ordinary share for every three (3) ordinary shares held.

FY'25 Earnings Breakdown

N'million	FY'25	FY'24	YoY	FY'25E	% of FY'25E
Revenue	22,981	16,893	36.0%	21,118	108.8%
Other income	3,226	7,098	-54.5%	3,737	86.3%
Total income	26,207	23,991	9.2%	24,855	105.4%
OPEX	-13,618	-13,486	1.0%	-12,783	106.5%
Operating profit	12,589	10,505	19.8%	12,072	104.3%
Finance cost	-763	-2,315	-67.0%	-956	79.8%
Share of profit of equity accounted investees	3,724	5,420	-31.3%	4,558	81.7%
Profit Before Tax	15,551	13,610	14.3%	15,675	99.2%
Tax expense	-5,071	-3,689	37.5%	-4,389	115.5%
Profit After Tax	10,479	9,920	5.6%	11,286	92.9%
Ratio Analysis					
	FY'25	FY'24			
EPS (N)	4.75	4.50			
EBIT margin	48.0%	43.8%			
PBT margin	59.3%	56.7%			
Effective tax rate	32.6%	27.1%			
PAT margin	40.0%	41.4%			
ROAA	20.1%	21.0%			
ROAE	26.9%	29.1%			
P/E	26.11x				
3-year average PE	33.18x				
EV/EBITDA	17.05x				
3-year EV/EBITDA	11.24x				

Q4'25 Earnings Breakdown

N'million	Q4'25	Q4'24	YoY	Q3'25	QoQ
Revenue	7,818	5,295	47.7%	7,084	10.4%
Other income	442	5,381	-91.8%	1,003	-56.0%
Total income	8,260	10,676	-22.6%	8,087	2.1%
OPEX	-4,238	-5,968	-29.0%	-3,682	15.1%
Operating profit	4,023	2,393	68.1%	4,405	-8.7%
Finance cost	-54	-432	-87.5%	-207	-73.8%
Share of profit of equity accounted investees	352	3,080	-88.6%	1,569	-77.5%
Profit Before Tax	4,321	7,356	-41.3%	5,767	-25.1%
Tax expense	-1,719	-1,749	-1.7%	-2,108	-18.4%
Profit After Tax	2,602	5,608	-53.6%	3,660	-28.9%
Ratio Analysis					
EBIT margin	48.7%	22.4%			
PBT margin	52.3%	68.9%			
Effective tax rate	39.8%	23.8%			
PAT margin	33.3%	105.9%			

Sources: S&P Capital IQ, Company financials, CardinalStone Research

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Buy ≥ +15.00% expected share price performance

Hold +0.00% to +14.99% expected share price performance

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