

UNILEVER NIGERIA PLC

BUY

Triple-digit PAT growth in FY'25

Target Price: N87.58

Ref Price: N77.00

In its unaudited FY'25 financials, Unilever Nigeria Plc (NGX: UNILEVER) reported a stellar performance, evidenced by the 103.0% YoY jump in net profit to N30.7 billion. This performance was buoyed by significant topline growth, continued cost optimisation, finance income, and the deleveraged nature of the business during the period under review.

Looking at the topline, UNILEVER's aggregate revenue during the period came to N214.7 billion (+43.6% YoY), driven by the Food product segment. UNILEVER remains a market leader in this category, as sales for the Food category grew by 38.3% YoY to N128.1 billion, contributing 59.7% of total revenue. The Personal Care line also grew by 36.9% YoY to N60.2 billion (28.0% of total revenue), while the revenue from the Beauty & Wellbeing line grew by an impressive 103.9% YoY to N26.4 billion (12.3% of total revenue).

In tandem, the COGS grew by 32.5% YoY to N125.0 billion, as raw material costs grew by 25.6% YoY. Additionally, UNILEVER reported a revaluation loss of N1.0 billion (vs revaluation gain of N4.4 billion in FY'24), given the appreciation of the Naira during the review period. However, gross profit margin improved to 41.8% (vs 36.9% in FY'24).

SG&A expenses for the period grew by 37.3% YoY to N49.1 billion, driven by the 73.5% YoY jump in overhead costs to N18.9 billion.

Overheads during the period were largely due to inflationary pressures and human capital investments. Brand and marketing expenses also grew by 17.5% YoY, driven by the increase in investments across brands to improve product visibility.

Consequently, operating profit came to N42.6 billion (+132.3% YoY), and EBIT margin at 19.9% (vs 12.3% in FY'24).

Net finance income improved by 113.3% to N9.2 billion, supported by the 51.3% YoY increase in finance income from call deposits and bank accounts. Furthermore, finance costs declined by 53.3% YoY following the 90.3% YoY drop in interest on third-party bank loans. As a result, the PBT came to N51.8 billion (+128.7% YoY).

UNILEVER's tax expense increased by 180.6% YoY, translating to an effective tax rate of 40.7%, PAT of N30.7 billion (+103.0% YoY), and an EPS of N5.35 (+102.7% YoY).

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FY'25 Earnings breakdown

N'million	FY'25	FY'24	YoY	FY '25E	% of FY'25E
Revenue	214,669	149,523	43.6%	205,524	104.4%
Cost of Goods Sold	(125,040)	(94,374)	32.5%	(119,204)	104.9%
Gross Profit	89,628	55,149	62.5%	86,320	103.8%
SGA Expenses	(49,103)	(35,755)	37.3%	(46,243)	106.2%
Other Income	1,034	622	66.2%	661	156.5%
Impairment write back on trade & other receivables	1,094	(1,655)	NM	-	NM
Operating Profit	42,653	18,361	132.3%	40,738	104.7%
Finance income	10,337	6,831	51.3%	11,304	91.4%
Finance Cost	(1,188)	(2,542)	-53.3%	(794)	149.7%
PBT	51,802	22,650	128.7%	51,248	101.1%
Taxation	(21,062)	(7,506)	180.6%	(21,012)	100.2%
PAT	30,740	15,143	103.0%	30,236	101.7%
Ratio Analysis	FY'25	FY'24		FY '25E	
Gross Profit Margin	41.8%	36.9%		42.0%	
Operating Profit Margin	19.9%	12.3%		19.8%	
PAT Margin	14.3%	10.1%		14.7%	
Return-on-Assets (ROA)	17.2%	10.7%			
Return-on-Equity (ROE)	29.0%	17.8%			
P/E	16.9x				
5-Year average PE	18.6x				
EV/EBITDA	8.3x				
5-Year Mean EV/EBITDA	8.3x				
Effective Tax Rate	40.7%	33.1%		41.0%	

Q4'25 Earnings breakdown

N'million	Q4'25	Q4'24	YoY	Q3'25	QoQ
Revenue	59,259	45,904	29.1%	57,308	3.4%
Cost of Goods Sold	(33,595)	(33,007)	1.8%	(35,458)	-5.3%
Gross Profit	25,663	12,897	99.0%	21,850	17.5%
SGA Expenses	(14,521)	(6,273)	131.5%	(10,575)	37.3%
Other Income	789	136	478.9%	83	846.5%
Impairment write back on trade & other receivables	259	717	-63.9%	292	-11.4%
Operating Profit	12,190	7,478	63.0%	11,650	4.6%
Finance income	2,678	391	585.4%	1,834	46.0%
Finance costs	(477)	(88)	440.8%	(227)	110.3%
PBT	14,391	7,780	85.0%	13,257	8.6%
Income tax expenses	(5,632)	(2,880)	95.6%	(5,681)	-0.9%
PAT	8,758	4,900	78.7%	7,576	15.6%
Ratio Analysis	Q4'25	Q4'24		Q3'25	
Gross Profit Margin	43.3%	28.1%		38.1%	
Operating Profit Margin	20.6%	16.3%		20.3%	
PAT Margin	14.8%	10.7%		13.2%	
Effective Tax Rate	39.1%	37.0%		42.9%	

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