

## Earnings momentum tempered by Ghana's weakness and FX losses

BLOOMBERG: PRESCO NL

Presco PLC, in its Q1'26 unaudited financial statement, reported a revenue growth of 7.5% YoY to N100.9 billion, driven by a sturdy performance in the Nigerian segment, which rose 13.2% YoY to 84.4 billion. This momentum was supported by volume growth and higher CPO prices. However, Ghana's segment declined by 14.5% to N16.5 billion.

On the cost front, COGS declined by 4.8% YoY to N9.6 billion, majorly buoyed by raw materials consumed, which dipped to N153.1 million from N2.1 billion in Q1'25. This led to a marginal increase of 1.2ppts in gross margin to 90.5%.

The company's EBIT margin in the period declined to 71.0% (vs 73.7% Q1'25), reflecting a 2.1% YoY increase in OPEX to N15.8 billion and exchange losses of N6.4 billion (vs exchange gain of N184.0 million in Q1'25). These pressures masked the uptick in operating income, which increased by 78.8% to N2.4 billion and other gains, which rose by 160.0% YoY to N108.0 million.

Lower net finance costs were recorded in Q1'26 as they declined by 77.1% YoY to N2.4 billion, reflecting the impact of deleveraging. As such, the PBT margin improved to 68.7% for the period (vs 62.5% in Q1'25).

Effective tax rate for the period increased by 10ppts to 28.9% YoY, while net profit margin had a 1.9ppts decline to 48.8%. EPS came in lower in the review period at N42.22 vs N47.58 in Q1'25 due to a larger weighted average number of shares.

Furthermore, a final dividend for FY'25 of N14.66 was recommended, which would bring the total dividend for FY'25 to 44.66 (vs N42.00 in FY'24).

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**Q1'26 Earnings Breakdown**

<b>N' million except EPS</b>	<b>Q1'26</b>	<b>Q1'25</b>	<b>YoY</b>
<b>Revenue</b>	<b>100,861</b>	<b>93,785</b>	<b>7.5%</b>
Cost of Sales	(9,576)	(10,062)	-4.8%
<b>Gross Profit</b>	<b>91,285</b>	<b>83,723</b>	<b>9.0%</b>
OPEX	(15,768)	(15,448)	2.1%
Other gains and losses	108	41	160.0%
Other Income/(losses)	2,377	1,330	78.8%
Exchange Gains/(losses)	(6,366)	184	NM
Loss on Non-Monetary Position	-	(757)	NM
<b>EBIT</b>	<b>71,637</b>	<b>69,073</b>	<b>3.7%</b>
Net finance costs	(2,392)	(10,467)	-77.1%
<b>Profit before taxation</b>	<b>69,244</b>	<b>58,606</b>	<b>18.2%</b>
Income tax expense	(19,987)	(11,028)	81.2%
<b>Profit for the year</b>	<b>49,257</b>	<b>47,578</b>	<b>3.5%</b>
<b>EPS (N)</b>	<b>42.22</b>	<b>47.58</b>	<b>-11.3%</b>
<b>Ratios</b>	<b>Q1'26</b>	<b>Q1'25</b>	
Gross Margin	90.5%	89.3%	
EBIT Margin	71.0%	73.7%	
PBT Margin	68.7%	62.5%	
Effective Tax Rate	28.9%	18.8%	
Net Profit Margin	48.8%	50.7%	

Source: S&amp;P CapitalIQ, Company financials, CardinalStone Research

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