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GUINNESS NIGERIA PLC

BLOOMBERG: GUINNESS NL

Lower finance costs drive strong H1 earnings growth

CardinalStone Research

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In its unaudited H1’26 financials, Guinness Nigeria Plc (NGX: GUINNESS; TP: N488.14) delivered a strong performance, with net profit growing by 53.3% YoY to N25.3 billion, supported by resilient revenue growth, lower finance costs and disciplined operating cost management.

Revenue grew by 11.8% YoY to N265.0 billion, driven by price increases and volume recovery during the period. However, cost of sales increased at a faster pace (+13.5% YoY), resulting in a slight contraction in gross margin to 36.8% from 37.7% in H1’25.

Operating expenses rose by a modest 5.9% YoY, as increases in administrative (+5.7% YoY) and distribution (+21.5% YoY) expenses were partly offset by a 10.4% YoY decline in marketing costs during the period.

Net finance cost declined significantly by 74.2% YoY, driven by a 967.2% increase in finance income following the recognition of a N961.9 million foreign exchange gain and a N208.9 billion gain from a concessionary facility. Notably, according to management, the concessionary facility was a 5-year loan facility gotten from Bank of Industry (BOI). In addition, finance costs fell by 64.9% YoY as total borrowings declined by 48.2%, with the company recording a net debt repayment of N19.6 billion during the period. Consequently, profit before tax increased by 60.9% YoY to N38.3 billion (vs N23.8 billion in H1'25). Although the effective tax rate rose to 34.0% from 30.7% in H1’25, net profit still grew by 53.3% to N25.3 billion (vs N16.5 billion in H1'25), translating to earnings per share of N11.55 (vs N7.54 in H1'25).

On a standalone basis, Q2'26 performance remained robust, with revenue increasing by 19.9% YoY. Cost of sales (+19.6% YoY) and operating expenses (+11.6% YoY) grew more slowly than revenue, supporting a slight improvement in profitability. Gross margin expanded marginally to 37.9% from 37.8% in Q2'25, while EBIT margin improved to 17.1% from 15.3%. Although finance income declined sharply by 96.6% YoY, net finance cost still fell by 62.1% YoY as finance expenses declined by 78.0% during the quarter. Following an effective tax rate of 34.0% (vs 30.0% in Q2'25), net profit increased by 57.2% YoY to N14.9 billion.

Elsewhere, Guinness Nigeria Plc proposed an additional N7.00 dividend after declaring a N2.00 interim dividend in April 2026, reflecting management's confidence in the company's earnings growth and cash flow generation.

H1'26 Earnings breakdown

₦' million	H1'26	H1'25	YoY	FY'26E	%FY'26
Revenue	265,043	237,001	11.8%	613,879	43.2%
Cost of Goods Sold	(167,574)	(147,618)	13.5%	(389,813)	43.0%
Gross Profit	**97,469**	**89,383**	9.0%	**224,066**	43.5%
Other Income	470	62	661.9%	614	76.6%
SGA Expenses	(56,419)	(53,288)	5.9%	(116,340)	48.5%
Operating Profit	**41,520**	**36,156**	14.8%	**108,340**	38.3%
Finance income	1,181	111	967.2%	4,315	27.4%
Finance cost	(4,364)	(12,440)	(64.9%)	(19,763)	22.1%
PBT	**38,336**	**23,827**	60.9%	**92,891**	41.3%
Taxation	(13,034)	(7,321)	78.1%	(32,512)	40.1%
PAT	**25,302**	**16,506**	53.3%	**60,379**	41.9%
EPS	**11.55**	**7.54**	53.2%	**27.57**	41.9%
Ratio Analysis	H1'26	H1'25		FY'26E	
Gross Profit Margin	36.8%	37.7%		36.5%	
Operating Profit Margin	15.7%	15.3%		17.6%	
PBT margin	14.5%	10.1%		15.1%	
PAT Margin	9.5%	7.0%		9.8%	
Effective Tax Rate	34.0%	30.7%		35.0%	
Return-on-Assets (ROAA)	60.7%				
Return-on-Equity (ROAE)	77.3%				
P/E	20.1x				
10-Year mean PE	26.0x				
EV/EBITDA	9.6x				
10-Year Mean EV/EBITDA	7.9x				

Q2'26 Earnings breakdown

₦' million	Q2'26	Q2'25	YoY	Q1'26	QoQ
Revenue	142,270	118,663	19.9%	122,773	15.9%
Cost of Goods Sold	(88,279)	(73,805)	19.6%	(79,295)	11.3%
Gross Profit	**53,991**	**44,858**	20.4%	**43,478**	24.2%
Other Income	167	32	413.2%	304	(45.1%)
SGA Expenses	(29,818)	(26,729)	11.6%	(26,601)	12.1%
Operating Profit	**24,340**	**18,161**	34.0%	**17,180**	41.7%
Finance income	135	3,935	(96.6%)	1,046	(87.1%)
Finance cost	(1,885)	(8,548)	(78.0%)	(2,480)	(24.0%)
PBT	**22,590**	**13,548**	66.7%	**15,746**	43.5%
Taxation	(7,681)	(4,069)	88.8%	(5,354)	43.5%
PAT	**14,909**	**9,480**	57.3%	**10,392**	43.5%
EPS	**6.81**	**4.33**	57.3%	**4.74**	43.7%
Ratio Analysis	Q2'26	Q2'25		Q1'26	
Gross Profit Margin	37.9%	37.8%		35.4%	
Operating Profit Margin	17.1%	15.3%		14.0%	
PBT margin	15.9%	11.4%		12.8%	
PAT Margin	10.5%	8.0%		8.5%	
Effective Tax Rate	34.0%	30.0%		34.0%	

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Buy ≥ +15.00% expected share price performance

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

Sell < 0.00% expected share price performance with weak fundamentals

A BUY rating is given to equities with strong fundamentals, which have the potential to rise by at least +15.00% between the current price and the analyst’s target price

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A NEGATIVE WATCH is given to equities whose fundamentals may deteriorate significantly over the next six (6) months, in our view.

A POSITIVE WATCH is given to equities whose fundamentals may improve significantly over the next six (6) months, in our view

Rating	**Buy**	**Sell**	**Hold**	**Negative Watch**
% of total recommendations	57%	11%	32%	0%
% with investment banking relationships	0%	0%	0%	0%

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