

## NESTLE NIGERIA PLC

BLOOMBERG: NESTLE NL

### Strong earnings rebound anchored by margins expansion and FX gains

Nestle Nigeria Plc (NGX: NESTLE; TP: UR) delivered a strong turnaround in FY'25, closing the year with an EPS of N132.42, a marked recovery from the loss per share of N207.65 recorded in FY'24. The rebound was driven by topline expansion, easing cost pressures and the presence of FX gains.

Revenue grew by 26.0% YoY, supported by growth in its domestic (+25.8% YoY) and export (+55.9% YoY) markets. Encouragingly, cost of sales rose at a slower pace, growing by 18.3% YoY. Consequently, gross margin expanded to 36.1% (vs 32.0% in FY'24).

Operating costs increased by 51.7% YoY, largely reflecting higher marketing (+51.3% YoY) and administrative (+53.1% YoY) expenses. Nevertheless, operating margin improved to 18.7% (vs. 17.5% in FY'24).

The company also reported an 85.0% YoY drop in net finance cost, driven by a 12.6x increase in finance income ( primarily due to a N40.1 billion FX gain) and a 74.3% YoY drop in finance cost due to the absence of an FX loss. Consequently, profit before tax swung to N166.8 billion (vs a loss of N221.6 billion in FY'24), translating to a profit after tax of N105.0 billion after a 37.1% effective tax rate.

The earnings rebound restored shareholders' equity to a positive N12.9 billion, reversing the N92.3 billion deficit recorded in FY'24. Cash generation also strengthened, with cash balance rising to N35.3 billion (vs N22.5 billion in FY'24), supported by improved operating cash flows despite higher investing and financing outflows.

On a Q4 standalone basis, revenue grew by 10.1% YoY, while cost of sales increased by 10.7% YoY, dropping gross margin to 33.7% YoY (vs. 34.1% in Q4'24). Additionally, operating profit declined by 22.8% YoY, bringing operating margin to 13.6% YoY (vs. 19.4% in Q4'24).

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**FY'25 Earnings breakdown**

N' million	FY'25	FY'24	YoY	FY'25E	% of FY'25E
Revenue	1,207,773	958,815	26.0%	1,237,265	97.6%
Cost of Goods Sold	(771,882)	(652,460)	18.3%	(767,105)	100.6%
<b>Gross Profit</b>	<b>435,891</b>	<b>306,355</b>	42.3%	<b>470,161</b>	92.7%
Other Income	1,152	737	56.3%	0	NM
SGA Expenses	(211,506)	(139,381)	51.7%	(204,149)	103.6%
Impairment of financial assets	(155)	165	NM	NM	NM
<b>Operating Profit</b>	<b>225,383</b>	<b>167,876</b>	34.3%	<b>266,012</b>	84.7%
Finance income	42,425	3,368	1159.8%	2,475	1714.5%
Finance costs	(100,961)	(392,832)	-74.3%	(82,318)	122.6%
<b>PBT</b>	<b>166,847</b>	<b>(221,589)</b>	NM	<b>186,169</b>	89.6%
Taxation	(61,881)	56,994	NM	(80,053)	77.3%
<b>PAT</b>	<b>104,966</b>	<b>(164,595)</b>	NM	<b>106,116</b>	98.9%
Ratio Analysis	FY'25	FY'24		FY'25E	
Gross Profit Margin	36.1%	32.0%		38.0%	
Operating Profit Margin	18.7%	17.5%		21.5%	
PAT Margin	8.7%	NM		8.6%	
Return-on-Asset (ROAA)	12.3%				
Return-on-Equity (ROAE)	NM				
P/E	26.7x				
10-Year average PE	34.3x				
EV/EBITDA	10.7x				
10-Year Mean EV/EBITDA	12.5x				
Effective Tax Rate	37.1%				

**Q4'25 Earnings breakdown**

N' million	Q4'25	Q4'24	YoY	Q3'25	QoQ
Revenue	323,236	293,525	10.1%	303,418	6.5%
Cost of Goods Sold	(214,220)	(193,482)	10.7%	(201,495)	6.3%
<b>Gross Profit</b>	<b>109,016</b>	<b>100,043</b>	9.0%	<b>101,923</b>	7.0%
Other Income	199	250	-20.6%	343	-42.0%
SGA Expenses	(64,998)	(43,442)	49.6%	(51,352)	26.6%
Impairment of financial assets	(178)	181	NM	(12)	1332.9%
<b>Operating Profit</b>	<b>44,039</b>	<b>57,032</b>	-22.8%	<b>50,901</b>	-13.5%
Finance income	40,640	437	9197.8%	665	6013.7%
Finance costs	(45,788)	(23,673)	93.4%	(12,005)	281.4%
<b>PBT</b>	<b>38,891</b>	<b>33,796</b>	15.1%	<b>39,561</b>	-1.7%
Taxation	(6,407)	(14,120)	-54.6%	(16,848)	-62.0%
<b>PAT</b>	<b>32,484</b>	<b>19,676</b>	65.1%	<b>22,713</b>	43.0%
Ratio Analysis	Q4'25	Q4'24		Q3'25	
Gross Profit Margin	33.7%	34.1%		33.6%	
Operating Profit Margin	13.6%	19.4%		16.8%	
PAT Margin	10.0%	6.7%		7.5%	
Effective tax	16.5%	41.8%		42.6%	

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