

## Robust revenue momentum and cost discipline lift FY'25 profitability

Lafarge Africa Plc (NGX: WAPCO; TP: UR) reported a robust FY'25 performance, with EPS surging 172.7% YoY to N16.96. The earnings expansion was supported by robust revenue growth, easing cost pressures, and a net finance income reported for the period.

Revenue grew by 53.0% YoY to N1.1 trillion, crossing the N1.0 trillion mark for the first time. The growth was aided by solid volume turnout (+12.5% YoY to 6.3Mt), reflecting healthy sector demand, traction from innovative product offerings, and improved capacity utilisation (now 60.0%), following debottlenecking initiatives. Pricing remained supportive, with average revenue per tonne rising 36.0% YoY to N169,255 per tonne

Cost of sales growth was modest (+28.3% YoY to N448.9 billion in FY'25), reflecting the relatively stable macroeconomic environment and continued decarbonization efforts across operations and product lines. Consequently, the Gross margin expanded by 8.1ppts to 57.9% in the reporting period.

Other income declined by 31.6% to N4.9 billion, largely due to the absence of a prior year reversal of impairment on PPE amounting to N4.7 billion. The current year figure was partly supported by an insurance claim of N3.8 billion relating to insured losses at the Ashaka plant. In addition, the relatively modest rise in OPEX (+42.9% YoY) partly reflects cost efficiencies from the growing share of CNG-powered trucks in the distribution fleet and is evidenced by a modest rise in distribution variable costs (+28.0% YoY to N128.0 billion). As a result, EBIT margin expanded 9.1 ppts to 36.8%.

The company reported a Net finance income of N19.2 billion (vs. a Net finance cost of N40.4 billion in the prior period). The swing reflected lower leverage, stronger liquidity, and favourable currency movements on foreign currency-denominated financial positions. Consequently, the PBT margin expanded by 16.7ppts to 38.6%.

With a marginal decline in effective tax rate (-0.6 ppts to 33.6%), net profit surged by 172.7% to N273.1 billion, and Net profit margin settled at 25.6% (+11.2 ppts YoY). ROAE (+32.0 ppts to 45.6%) and ROAA (+12.9 ppts to 24.8%) improved materially, reflecting superior capital efficiency and profitability for the period.

The Board proposed a final dividend of N6.00, indicating a total dividend of N10.00\* (N1.20 for FY'24), representing a total payout ratio of 59.0%.

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**FY'25 Earnings breakdown**

<b>Income Statement, N'million</b>	<b>FY'25</b>	<b>FY'24</b>	<b>YoY</b>	<b>FY'25E</b>	<b>% of FY'25E</b>
<b>Revenue</b>	<b>1,066,305</b>	<b>696,758</b>	<b>53.0%</b>	<b>1,113,685</b>	<b>95.7%</b>
COGS	(448,937)	(350,047)	28.3%	(462,619)	97.0%
<b>Gross Profit</b>	<b>617,368</b>	<b>346,711</b>	<b>78.1%</b>	<b>651,067</b>	<b>94.8%</b>
Other Income	4,916	7,188	-31.6%	5,568	88.3%
Impairment reversal of receivables	(677)	(323)	109.4%	-	NM
OPEX	(229,507)	(160,569)	42.9%	(222,737)	103.0%
<b>EBIT</b>	<b>392,100</b>	<b>193,005</b>	<b>103.2%</b>	<b>433,898</b>	<b>90.4%</b>
Net Interest	19,217	(40,486)	NM	9,876	194.6%
<b>Profit before Minimum tax</b>	<b>411,317</b>	<b>152,519</b>	<b>169.7%</b>	<b>-</b>	<b>NM</b>
Minimum tax expense	-	(254)	NM	-	NM
<b>PBT</b>	<b>411,317</b>	<b>152,265</b>	<b>170.1%</b>	<b>443,774</b>	<b>92.7%</b>
Tax	(138,196)	(52,120)	165.2%	(150,883)	91.6%
<b>Net Income</b>	<b>273,120</b>	<b>100,145</b>	<b>172.7%</b>	<b>292,892</b>	<b>93.2%</b>
<b>EPS (N)</b>	<b>16.96</b>	<b>6.22</b>	<b>172.7%</b>	<b>18.18</b>	<b>93.2%</b>
<b>DPS</b>	<b>6.00</b>	<b>1.20</b>	<b>400.0%</b>	<b>10.91</b>	<b>55.0%</b>
<b>Ratios</b>	<b>FY'25</b>	<b>FY'24</b>		<b>FY'25E</b>	
Gross Margin	57.9%	49.8%		58.5%	
EBIT Margin	36.8%	27.7%		39.0%	
PBT Margin	38.6%	21.9%		39.8%	
Effec. Tax Rate	33.6%	34.2%		34.0%	
Net Profit Margin	25.6%	14.4%		26.3%	
ROAE	45.6%	21.3%		48.1%	
ROAA	24.8%	12.0%		27.8%	
EV/EBITDA	8.7x				
P/E	12.2x				
10-year average EV/EBITDA	6.2x				
10-year average P/E	11.8x				
<b>Segmented Reporting</b>	<b>FY'25</b>	<b>FY'24</b>	<b>YoY</b>	<b>FY'25E</b>	<b>% of FY'25E</b>
<b>Volume (Mt)</b>	<b>6.30</b>	<b>5.60</b>	<b>12.5%</b>	<b>6.36</b>	<b>99.1%</b>
<b>Price Per Tonne (N)</b>	<b>169,255</b>	<b>124,421</b>	<b>36.0%</b>	<b>170,457</b>	

Source: S&amp;P CapitalIQ, Cardinalstone Research

**Q4'25 Earnings breakdown**

<b>Income Statement, N'million</b>	<b>Q4'25</b>	<b>Q4'24</b>	<b>YoY</b>
<b>Revenue</b>	<b>285,819</b>	<b>217,262</b>	<b>31.6%</b>
COGS	(124,576)	(108,317)	15.0%
<b>Gross Profit</b>	<b>161,243</b>	<b>108,945</b>	<b>48.0%</b>
Other Income	137	4,917	-97.2%
Impairment reversal of receivables	(210)	(100)	NM
OPEX	(67,477)	(50,834)	32.7%
<b>EBIT</b>	<b>93,692</b>	<b>62,928</b>	<b>48.9%</b>
Net Interest	4,334	(4,735)	NM
<b>Profit before Minimum tax</b>	<b>98,027</b>	<b>58,193</b>	<b>68.5%</b>
Minimum tax expense	-	(254)	NM
<b>PBT</b>	<b>98,027</b>	<b>57,939</b>	<b>69.2%</b>
Tax	(32,686)	(17,870)	82.9%
<b>Net Income</b>	<b>65,340</b>	<b>40,069</b>	<b>63.1%</b>
<b>EPS (N)</b>	<b>4.06</b>	<b>2.49</b>	<b>63.1%</b>
<b>Ratios</b>	<b>Q4'25</b>	<b>Q4'24</b>	
Gross Margin	56.4%	50.1%	
EBIT Margin	32.8%	29.0%	
Effec. Tax Rate	33.3%	30.8%	
PBT Margin	34.3%	26.7%	
Net Profit Margin	22.9%	18.4%	
<b>Segmented Reporting</b>	<b>Q4'25</b>	<b>Q4'24</b>	<b>YoY</b>
<b>Volume (Mt)</b>	<b>1.61</b>	<b>1.53</b>	<b>5.8%</b>
<b>Price Per Tonne (N)</b>	<b>177,087</b>	<b>142,374</b>	<b>24.4%</b>

Source: S&amp;P CapitalIQ, Cardinalstone Research

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