# BUA CEMENT PLC

## INDUSTRY ANALYSIS

## STOCK PITCH PRESENTATION

*Presented by Team BUA*

# THE TEAM

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# INVESTMENT THESIS

# Why BUA Cement?

BUA CEMENT

TARGET PRICE ₦ 247.00

**SELL**

Reasons BUA Cement is the most compelling way to access Nigeria's cement growth story

## 01 Market Leader in Profitability; Not Just Scale

- 30.43% net margin FY2025; highest in sector
- PAT: NGN356bn, up 381.7% YoY
- Q1 2026 PAT margin: 50%; trajectory is accelerating, not plateauing
- Dangote: 23.72% | Lafarge: 25.75% → BUA leads on efficiency

## 02 Capacity Roadmap Positions BUA for Share Gains

- 11 → 17 → 20 MMTPA roadmap
- 54.5% capacity growth in one year → fastest in sector
- New Edo plant: Q1 2027 commissioning (3 MMTPA)
- Narrows gap vs Dangote (52 MMTPA) from 41 to 35.25 MMTPA

## 03 Balance Sheet Transformed; Capex Capacity Restored

- Gearing ratio: 127% (2024) → 37% (2025)
- Total assets: NGN1.86 trillion
- Dividend: NGN10.00/share recommended (FY2026)
- Capacity to fund next capex cycle without over-leveraging

## 04 Operating in World's Fastest-Growing Cement Market

- SSA: +77% demand growth by 2030 (fastest globally)
- Nigeria housing deficit: 28m units = decades of demand
- CEO signals prices will fall as naira stabilises → volume upside

**At ₦378/share, BUA Cement trades at a significant premium to intrinsic value.** Our 2026F model projects 21% revenue growth to ₦1.43tn and EBITDA of ₦659.9bn with an aggressive CAPEX reinvestment (~20% of sales), a ₦443bn debt service burden on borrowings, and a normalizing margin profile compressing our free cash flow (FCF). This drives our blended target price to **₦247.00**, implying approximately **35% downside.**

# Key Risks to Monitor

| RISK | IMPACT | BUA'S MITIGANT |
|---|---|---|
| 1 Energy Cost Exposure | 40–50% of production costs; gas rose 6,000% | Investing in LNG, alternative fuels, captive solar-diesel power |
| 2 FX Volatility | Dollar inputs vs naira revenue; depreciation inflates costs | Pricing strategy absorbs FX; naira stabilisation easing pressure |
| 3 High Interest Rates | Elevated debt servicing on expansion capex | Gearing ratio cut from 127% to 37% in FY2025; debt actively reduced |
| 4 Government Pricing Pressure | ₦10,000/bag retail; ex-factory price agreements | Chairman signals prices will fall as naira & energy costs ease |
| 5 Capacity Utilisation Gap | 17 MMTPA installed vs lower actual production | New capacity being ramped up; export push to absorb excess |
| 6 Logistics Constraints | Poor roads in North; Apapa congestion adds costs | Coastal depots + inland hubs reduce long-haul trucking dependence |
| 7 Market Concentration Risk | Antitrust scrutiny; potential regulatory intervention | NGX compliance award; transparent pricing & governance standards |

These risks are real but manageable. BUA's margin buffer (30.43%), strong balance sheet (gearing 37%) and strategic plant locations provide a material cushion against all

# INDUSTRY OVERVIEW

# Background & Market Size

Nigeria's cement market was valued at US$1.33bn in 2024 and is forecast to reach US$1.96bn by 2029. The industry has grown at a CAGR of 9.4% since 2020, underpinned by a housing deficit of 28m units, rapid urbanization and sustained government infrastructure spend. Nigeria now holds Africa's largest installed cement capacity.

**US$1.33bn**
Market value (2024)
*↑ to US$1.96bn by 2029*

**33.9Mt**
Annual demand (2025E)
*+8.5% year-on-year*

**8% CAGR**
Forecast Growth
*2024 - 2029*

### Market Size & Demand Trend (2022–2029)

| | | | |
|---|---|---|---|
| 2022 | ~1.05bn | ~9% | ~28.5 |
| 2023 | ~1.15bn | ~9.5% | ~30.5 |
| **2024** | **1.33bn** | **9.4%** | **31.2** |
| **2025E** | **1.44bn** | **8.4%** | **33.9** |
| *2029F* | *1.96bn* | *CAGR 7.9%* | *~40+* |

# Structure & Key Players

The industry is an oligopoly dominated by three integrated producers: Dangote Cement Plc (market leader), BUA Cement Plc (second), and Lafarge Africa Plc (third). Together, the three companies had a combined installed capacity of approximately 62.8 MMTPA as of 2024 and generated a combined revenue of NGN6.25 trillion in the 2025 financial year

### Dangote Cement

1st

*Market Leader*

Installed Capacity
**~35.25 MMTPA**

Market Share
**~56%**

FY2025 Revenue
**NGN4.0trn**

Net Margin
**23.72%**

### BUA Cement

2nd

*Second Largest*

Installed Capacity
**17 MMTPA**

Market Share
**~30%**

FY2025 Revenue
**NGN1.18trn**

Net Margin
**30.43%**

★ HIGHEST NET MARGIN IN SECTOR

### Lafarge Africa

3rd

*Third Largest*

Installed Capacity
**~10.5 MMTPA**

Market Share
**~16%**

FY2025 Revenue
**NGN1.07trn**

Net Margin
**25.75%**

# Industry Strengths & Challenges

Structural advantages are compelling, but energy costs, FX and overcapacity require active management

| STRENGTHS | CHALLENGES |
|---|---|
| Vast limestone reserves (2.3 trillion metric tonnes) | Energy costs: 40–50% of production costs |
| Africa's largest cement capacity (62.8 MMTPA combined) | FX volatility — naira depreciation inflates dollar input costs |
| Housing deficit of 28m units — decades of structural demand | Retail prices at ₦10,000/bag — affordability risk to demand |
| Backward integration = end-to-end cost control | Logistics constraints: poor roads, Apapa port congestion |
| Nigeria transitioned to net regional cement exporter | Overcapacity risk: 62.8 MMTPA installed vs 33.9 Mt demand |
| Government infra spend: Lagos-Ibadan, Abuja-Kaduna, Niger Bridge | Regulatory uncertainty: pricing caps, antitrust scrutiny |
| Sub-Saharan Africa: fastest-growing cement region globally (+77%) | National grid collapsed 9 times in 2024 |
| AfCFTA opens continental export markets | ISSB ESG disclosure requirements from 2027 |

# COMPANY OVERVIEW

# Who is BUA Cement?

BUA Cement PLC is a publicly listed firm headquartered in Nigeria, it produces and markets cement products in the country. It is the second largest producer in Nigeria after Dangote Cement. From 2% to 30%+ market share in 8 years; Nigeria's most profitable cement producer

| | |
|---|---|
| **Founded:** | 2019, Consolidation of BUA Group cement interests |
| **Listed:** | January 2020, Nigerian Exchange Group (NGX) |
| **Chairman:** | Abdul Samad Rabiu (97.66% stake) |
| **CEO:** | Engr. Yusuf Haliru Binji |
| **Plants:** | Edo State (South) + Sokoto State (North) |
| **Products:** | CEM-II Cement: BUA Cement & Sokoto Cement brands |
| **Sector:** | Industrial Goods \| Index: NGX ASI & MSCI Frontier |
| **Share Price:** | ₦378.00 \| Market Cap: ₦12.8 Trillion (Jun 2026) |
| **52-Week Range:** | ₦83.70 — ₦460.00 |

**17 MMTPA**
Installed Capacity
*Target: 20 MMTPA by 2027*

**~30%**
Market Share
*2nd largest in Nigeria*

## KEY MILESTONES

| | |
|---|---|
| **2000s** | BIP (Backward Integration Policy) sets foundation for domestic production |
| **2019** | BUA Cement formed from Obu Cement (Edo) + CCNN (Sokoto) merger |
| **Jan 2020** | IPO on NGX — ₦1.2trn market cap at listing |
| **2020** | Joins MSCI Frontier Index; issues maiden ₦115bn corporate bond — Nigeria's largest ever |
| **2024** | Capacity expanded from 11 → 17 MMTPA (+54.5%); highest net margin in sector |
| **2025** | PAT up 381.7%; gearing ratio slashed from 127% → 37%; NGX Compliance Award |
| **2027F** | Target: 20 MMTPA with new Edo plant (Q1 commissioning expected) |

# Governance & Leadership

### Abdul Samad Rabiu

*Chairman*

Billionaire industrialist | 97.66% majority stake | BUA Group founder

### Engr. Yusuf Haliru Binji

*MD / CEO*

Leads strategy & operations | architect of capacity expansion to 20 MMTPA

### Chikezie Ajaero

*ED / CFO*

Financial discipline & capital structure management | led debt reduction to 37% gearing

### Hauwa Garba Satomi

*Company Secretary / CLO*

Legal & compliance oversight | NGX compliance award coordination

## Board Composition & Governance Highlights

- 9-member Board: 2 Executive Directors + 4 Non-Executive Directors + 3 Independent Non-Executive Directors
- 3 Independent Directors ensure minority shareholder protection and governance standards
- NGX Award: Most Compliant Listed Company, 2025; demonstrates transparency and regulatory adherence
- MSCI Frontier Index constituent; meets international institutional standards for investability

# Capacity & Operations

BUA Cement has undergone a significant capacity expansion programme over the past two years. In 2024, the company commissioned two new production lines at its plants in Edo and Sokoto States, increasing its installed production capacity from 11 MMTPA to 17 MMTPA.

*54.5% capacity surge in 2024; roadmap to 20 MMTPA by Q1 2027 to challenge Dangote's dominance*

## Capacity Expansion Roadmap

| 8 MMTPA | 11 MMTPA | 17 MMTPA | 20 MMTPA |
|---|---|---|---|
| 2020 | 2022 | 2024 | 2027F |
| Merger (Edo + Sokoto) | Organic growth | +54.5% in one year | New Edo Plant (3 MMTPA) |

## Plant Details

### Okpella Plant - Edo State

Production: BUA Cement brand (premium quality)
Region served: South, South-East, South-West Nigeria
Expansion: +3 MMTPA new line targeting Q1 2027 commissioning
Partner: CBMI (Chinese construction firm) for expansion works
Importance: Serves Nigeria's highest-density markets

### Sokoto Plant - Sokoto State

Production: Sokoto Cement brand (widely recognised in North)
Region served: North-West, North-Central, North-East Nigeria
Proximity: Close to vast limestone reserves in Sokoto & Kebbi States
Logistics: Reduces distribution costs to northern markets by 30%+
Expansion: Discussions with CBMI ongoing for additional capacity

# Regulatory Environment

## 01 Backward Integration Policy (BIP)

Introduced early 2000s. Required importers to invest in local manufacturing. Transformed Nigeria from importer to Africa's top cement producer. Protects domestic producers from cheap imports and remains the foundation of the industry's competitive advantage.

*BUA implication: BUA beneficiary: fully integrated from limestone mining to bagged cement. No import exposure.*

## 02 Government Price Intervention (2024)

January 2024: Federal Govt agreement with producers to cut ex-factory prices. Despite the agreement, retail prices reached ₦10,000/bag in 2025. Government and industry continue to negotiate. Critics cite market concentration. Potential for price caps remains.

*BUA implication: Risk to BUA revenue and margin sustainability. Chairman Rabiu has publicly stated prices will fall as FX stabilises.*

## 03 ESG & Environment Compliance (2027 Deadline)

IFRS-aligned sustainability standards endorsed by ISSB. Nigerian listed companies including cement producers must report on climate, emissions and environmental practices by 2027. Failure to comply carries financial penalties and reputational risk.

*BUA implication: BUA must invest in carbon accounting systems, energy efficiency reporting and sustainability governance ahead of 2027.*

## 04 Energy & Infrastructure Policy

National grid collapsed 9 times in 2024; severe operational challenge. Gas price liberalisation drove BUA's gas cost from ₦30 to ₦1,850/litre (+6,000%). Government HDMI road, rail and rural electrification programmes stimulate cement demand.

*BUA implication: BUA response: captive LNG systems, alternative fuels, solar-diesel hybrid generation to reduce grid dependency.*

# COMPETITIVE ANALYSIS

# Porter's Five Forces

| Force | Rating | Key points |
|---|---|---|
| Threat of New Entrants | LOW | US$400–600m plant cost, prohibitive for most investors<br>BUA owns captive limestone quarries in Edo & Sokoto; cannot be replicated<br>Years of EIA, mining licences & quarry leases required for any new entrant<br>Backward Integration Policy reinforces moat of all existing producers |
| Bargaining Power of Suppliers | MODERATE | Limestone: LOW - BUA owns quarries; no third-party raw material exposure<br>Energy: HIGH - gas prices up 6,000% (₦30 → ₦1,850/litre); grid collapsed 9× in 2024<br>Equipment: MODERATE - kiln/grinding machinery sourced internationally; FX-exposed |
| Bargaining Power of Buyers | MODERATE | Retail buyers: LOW - fragmented network, brand-loyal, no viable alternatives<br>Bulk/govt buyers: MODERATE–HIGH - large volumes give procurement leverage<br>Jan 2024 govt price intervention = elevated regulatory buyer pressure on margins |
| Threat of Substitutes | LOW | No commercially viable mass-market substitute in the Nigerian context<br>Timber/steel structures: too expensive & culturally unfamiliar at scale<br>BIP + import tariffs eliminate cheap imported cement as an alternative<br>28m unit housing deficit = non-discretionary, inelastic demand for cement |
| Competitive Rivalry | HIGH | Dangote (~55% share, 35.25 MMTPA) exerts constant scale and price pressure<br>Huaxin acquires Lafarge Africa (US$1bn); Chinese equipment + concessional finance = cost threat<br>All 3 producers expanding simultaneously → overcapacity risk by 2027<br>BUA's 50% Q1 2026 margins invite competitive response; price war risk as naira stabilises |

Low entry barriers + no substitutes = structurally attractive industry. The real risk is internal; escalating rivalry from Dangote's scale and a reinvigorated Huaxin-backed Lafarge.

# SWOT Analysis

BUA Cement at an inflection point; exceptional financials meeting intensifying competitive headwinds

### STRENGTHS

**30.43% → 50%**

*Net margin FY2025 → Q1 2026*

- PAT NGN356bn (+381.7% FY2025); +117% Q1 2026
- Gearing: 127% → 37%; free cash flow NGN156.2bn Q1 2026
- Dual-plant (Edo + Sokoto): full national north-south coverage
- Cash position NGN404.0bn — no refinancing risk on expansion

### WEAKNESSES

**40–50%**

*Energy as % of production costs*

- Gas up 6,000% (₦30→₦1,850/litre); energy transition incomplete
- Capacity gap: 17 MMTPA vs Dangote's 35.25 MMTPA in Nigeria
- 97.66% single-owner = limited free float + key-man governance risk
- Utilisation gap: installed capacity ahead of actual production

BUA

### OPPORTUNITIES

**28m units**

*Housing deficit; 129 kg vs 550 kg global avg*

- Fed 2026 budget: NGN23trn capex — largest in Nigeria's history
- SSA cement demand: +77% by 2030 — fastest growing region globally
- AfCFTA: export markets in Ghana, Togo, Benin, Cameroon
- Q1 2026 momentum: 50% net margin signals further upside

### THREATS

**US$1bn**

*Huaxin acquires Lafarge; key new threat*

- Chinese equipment + concessional finance lowers Lafarge's cost base
- Overcapacity: 62.8 MMTPA installed vs 33.9 Mt demand (54% utilisation)
- Dangote: 55 MMTPA Africa-wide; structurally lower cost per tonne
- Govt pricing pressure: 50% margins invite regulatory intervention

# Competitive Scorecard & Strategic Conclusions

## Three-Player Scorecard

| Metric | Dangote | BUA Cement ★ | Huaxin-Lafarge |
|---|---|---|---|
| **Nigeria Capacity** | ~35.25 MMTPA | 17 MMTPA | ~10.5 MMTPA |
| **Market Share** | ~55% | ~30% | ~15% |
| **Net Margin FY2025** | 23.72% | 30.43% | 25.75% |
| **Q1 2026 Net Margin** | — | 50% | — |
| **Strategic Backer** | Dangote Group | BUA Group / Rabiu | Huaxin (China) |
| **Key Advantage** | Scale + distribution | Margin + growth rate | Low-cost equipment |
| **Key Risk to BUA** | Price war | — | Cost disruption of #2 |

## Strategic Conclusions

**01** **BUA's Competitive Edge**

Outpaced both rivals in profit growth for both FY2025 & Q1 2026. The 30.43%→50% net margin trajectory is BUA's clearest differentiator. Neither Dangote nor Lafarge matches this efficiency curve.

**02** **The Huaxin-Lafarge Threat**

Most material new competitive variable. Chinese equipment + concessional financing could structurally lower Lafarge's cost base, directly challenging BUA's #2 position by 2027–2028.

**03** **The Overcapacity Overhang**

54% utilisation today with all 3 expanding. If demand doesn't accelerate, a sustained price war could compress BUA's 50% margins significantly. Export push and housing demand growth are the key mitigants.

# FINANCIAL ANALYSIS & VALUATION

# Financial Performance

Record-breaking FY2025: PAT up 381.7%, net margin 30.43%, EBITDA margin increasing from approximately 31% to 48%

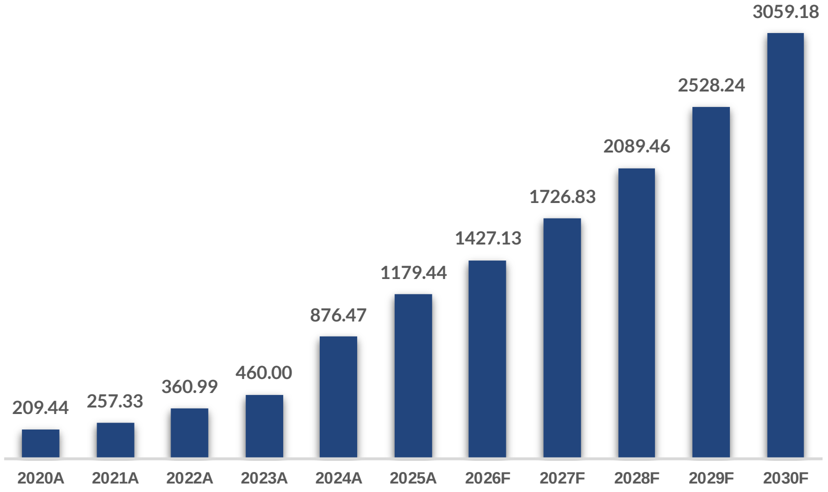
**₦1.18trn**
**FY2025 Revenue**
*+34.6% vs FY2024*

**₦356bn**
**Profit After Tax**
*+381.7% vs FY2024*

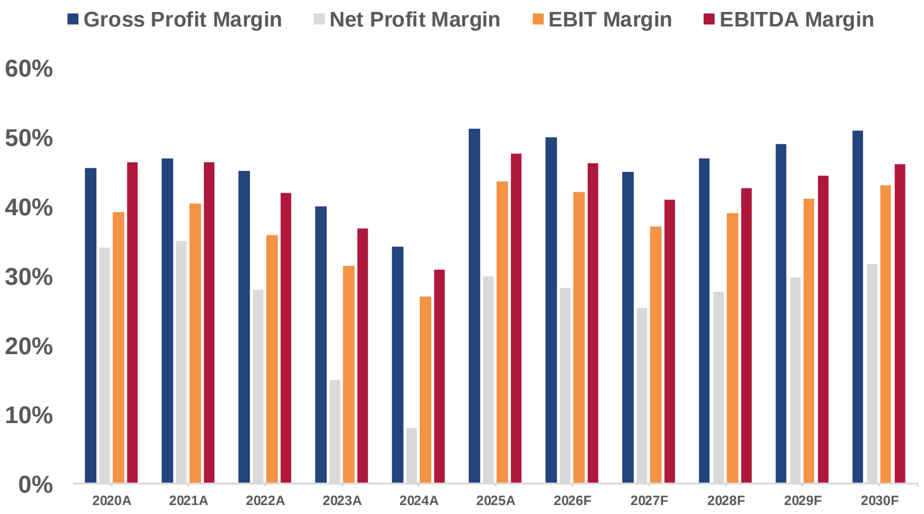
**30.43%**
**Net Profit Margin**
*Highest in sector*

**47.72%**
**EBITDA Margin**
*+17% VS FY2024*

*REVENUE*

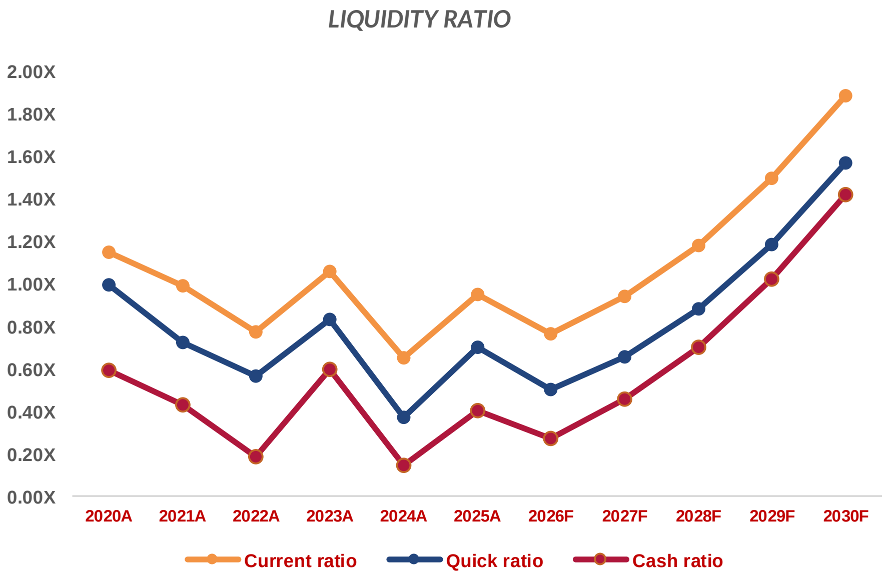



*PROFITABILITY RATIO*

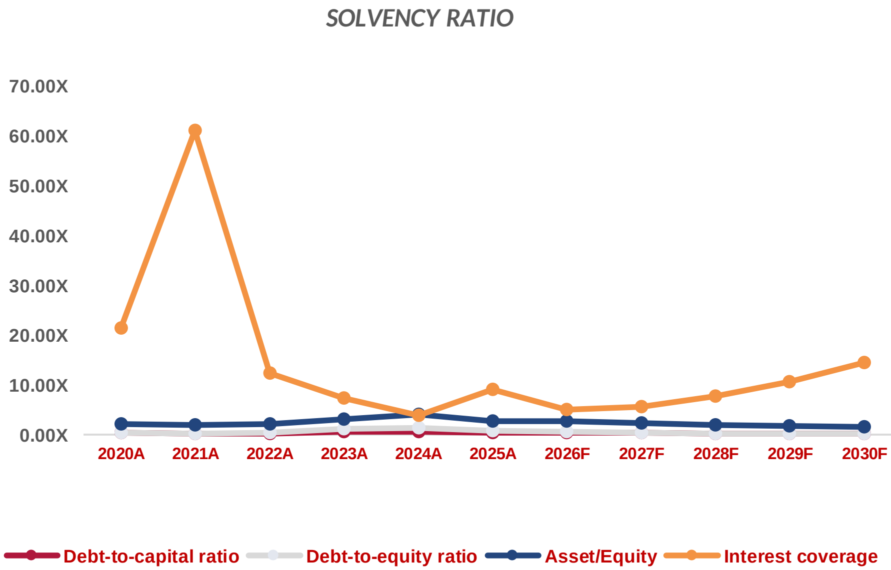


# Financial Performance

**BUA Cement near-zero leverage and recovering interest coverage signal a resilient balance sheet ahead of Edo plant expansion**

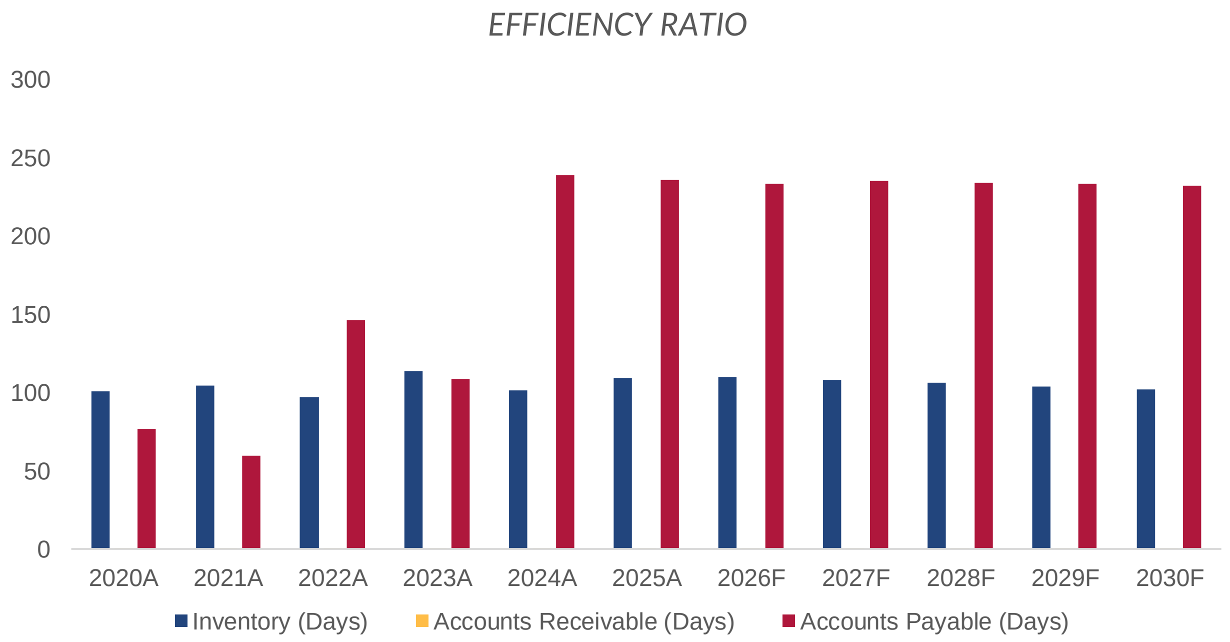



*Current and quick ratios stabilize above 1.0× through the forecast, reflecting adequate short-term coverage despite CAPEX pressures from Line 6.*




*Debt-to-capital and debt-to-equity remain low across all periods; interest coverage normalizes post-2021 spike, confirming BUA's underleveraged, low-risk capital structure.*

# Financial Performance




*Receivable Days of 0 reflects BUA Cement's cash-and-carry sales model; customers pay upfront, meaning the company carries zero credit risk on its revenue.*

# Valuation

*WACC COMPUTATION*

Share price ₦378.00

| | | Capital structure |
|---|---|---|
| Marginal Tax rate | 30% | |
| Market cap of equity | 12,800,726 | **96.65%** |
| Target debt | 443,495 | **3.35%** |
| **Total capital** | **13,244,221** | **100.00%** |
| **Cost of Equity (CAPM)** | Rf + b (MktR - Rf) | **Rf + b (mkt premium)** |
| Yield on FGN 10-yr Bond (1 year Average) | 14.96% | |
| Market return premium | 12.64% | |
| Equity beta | 0.17 | |
| **Cost of Equity** | **17.11%** | **16.54%** |
| **Cost of Debt** | | |
| Pre-tax Cost of Debt | 7.50% | |
| After-tax Cost of Debt | 5.25% | **0.18%** |
| **WACC** | | **16.71%** |

# Valuation

| Company | Fwd EV/EBITDA | Fwd P/E |
|---|---|---|
| HBM Nigeria Plc (NGSE:WAPCO) | 7.2x | 12.8x |
| Ciments du Maroc Société Anonyme (CBSE:CMA) | 8.1x | 13.5x |
| LafargeHolcim Maroc S.A. (CBSE:LHM) | 9.0x | 17.1x |
| Afrimat Limited (JSE:AFT) | 3.4x | 16.1x |
| TCC Group Holdings Co., Ltd. (TWSE:1101) | 8.6x | 22.6x |
| PPC Ltd (JSE:PPC) | 5.6x | 12.8x |
| Taiheiyo Cement Corporation (TSE:5233) | 5.5x | 9.8x |
| Shree Cement Limited (NSEI:SHREECEM) | 17.3x | 45.8x |
| Ambuja Cements Limited (BSE:500425) | 15.9x | 38.9x |
| Dangote Cement Plc (NGSE:DANGCEM) | 6.5x | 11.9x |
| **75th Percentile** | **12.0x** | **23.9x** |
| **Median** | **8.4x** | **16.6x** |
| BUA CEMENT PLC (NGSE: BUACEMENT) | **14.96x** | **25.3x** |

| **EV/EBITDA valuation summary, Nbn (unless otherwise stated)** | |
|---|---|
| Fwd peer 75th Percentile | **12.0x** |
| 6 months of FY26F EBITDA + 6 months of FY'27F EBITDA | 684 |
| Enterprise value | 8,208 |
| Plus: Cash | 404 |
| Less: Debt | (443) |
| Equity value | 8,169 |
| Shares outstanding (bn) | 34 |
| **Value per share (N)** | **241.22** |

| **P/E valuation summary Nbn (unless otherwise stated)** | |
|---|---|
| Fwd peer 75th Percentile | **23.9x** |
| 6 months of FY26F EPS + 6 months of FY'27F EPS | 12.42 |
| **Value per share (N)** | **296.92** |

| | |
|---|---|
| **DCF Intrinsic Value** | **₦ 192.07** |
| Enterprise Value | ₦ 5,656,549.48 |
| Add cash | ₦ 404,047.00 |
| Less debt | -₦ 443,495.00 |
| Equity value | ₦ 6,504,091.48 |
| Equity value per share | ₦ 192.07 |
| Rolling BUA Value per share | ₦ 192.07 |
| 1-year target price | ₦ 224.93 |

**Valuation summary, Naira per share**

| Methodology | Fair values | Weight |
|---|---|---|
| DCF | 224.93 | 50% |
| P/E | 296.92 | 25% |
| EV/EBITDA | 241.22 | 25% |
| **TP** | **247.00** | 100% |

| | |
|---|---|
| Current Price | 378.00 |
| Upside/(downside) | -34.66% |
| Dividend yield | 2.53% |
| Total return | -32.12% |
| Recommendation | **SELL** |

# Investment Recommendation

*RECOMMENDATION*

**SELL**

*CURRENT PRICE*

**₦378.00**

*TARGET PRICE*

**₦247.00**

*VALUATION MULTIPLES*

| | BUA | WAPCO | EMEA Avg |
|---|---|---|---|
| P/E Ratio | 25.3x | 16.5x | 23.9x |
| EV/EBITDA | 14.96x | 9.9x | 12.0x |

**BUA Cement is trading significantly above its fair value, presenting a high risk of price correction.**

## Overvalued on P/E

- **25.3x vs 16.5x (WAPCO) and 23.9x (EMEA average)**

BUA Cement P/E ratio of 25.3x is significantly higher than WAPCO's 16.5x and the EMEA average of 23.9x. Investors are currently paying a substantial premium for each unit of BUA Cement earnings, a premium difficult to justify relative to its closest peer and the broader regional benchmark.

## Overvalued on EV/EBITDA

- **14.96x vs 9.9x (WAPCO) and 12.0x (EMEA average)**

BUA Cement's EV/EBITDA of 14.96x is significantly higher than WAPCO's 9.9x and the EMEA average of 12.0x. Investors are paying more than double the regional average for BUA Cement operating cash flow generation, signalling a stretched valuation relative to fundamentals.

*These signals point to a significant overvaluation of BUA Cement and an elevated price premium. If BUA Cement fails to sustain its current earnings trajectory; particularly given energy cost pressures, FX volatility and the emerging Huaxin-Lafarge competitive threat; it may lead to a sharp correction in BUA Cement's share price.*

# APPENDIX

*INCOME STATEMENT*

| (NGN Thousands) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026F | 2027F | 2028F | 2029F | 2030F |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 209,443,487 | 257,327,091 | 360,989,105 | 459,998,999 | 876,469,849 | 1,179,444,900 | 1,427,128,329 | 1,726,825,278 | 2,089,458,586 | 2,528,244,890 | 3,059,176,316 |
| Cost of sales | (113,964,695) | (136,390,231) | (197,944,436) | (276,043,486) | (576,212,917) | (575,263,098) | (713,564,165) | (949,753,903) | (1,107,413,051) | (1,289,404,894) | (1,498,996,395) |
| **Gross Profit** | **95,478,792** | **120,936,860** | **163,044,669** | **183,955,513** | **300,256,932** | **604,181,802** | **713,564,165** | **777,071,375** | **982,045,536** | **1,238,839,996** | **1,560,179,921** |
| **Gross profit margin %** | **46%** | **47%** | **45%** | **40%** | **34%** | **51%** | **50%** | **45%** | **47%** | **49%** | **51%** |
| | | | | | | | | | | | |
| Selling and distribution expenses | (4,867,449) | (8,187,214) | (18,811,220) | (29,068,304) | (42,858,640) | (63,609,998) | (71,356,416) | (86,341,264) | (104,472,929) | (126,412,244) | (152,958,816) |
| Administrative expenses | (10,320,437) | (11,158,080) | (17,299,763) | (12,296,007) | (22,061,895) | (27,826,062) | (42,813,850) | (51,804,758) | (62,683,758) | (75,847,347) | (91,775,289) |
| Other income | 375,519 | 2,627,682 | 2,785,855 | 2,062,130 | 1,063,756 | 1,504,754 | 1,821,016 | 2,203,429 | 2,666,149 | 3,226,040 | 3,903,509 |
| Impairment gain/(loss) on financial asset | 1,355,590 | 5,394 | 276 | (45) | (311) | 188 | - | - | - | - | - |
| **EBITDA** | **97,221,027** | **119,568,717** | **151,368,895** | **169,284,800** | **271,160,374** | **562,868,485** | **659,874,127** | **708,166,361** | **893,163,052** | **1,123,901,249** | **1,411,480,165** |
| **EBITDA margin %** | **46%** | **46%** | **42%** | **37%** | **31%** | **48%** | **46%** | **41%** | **43%** | **44%** | **46%** |
| | | | | | | | | | | | |
| Impairment reversal/(loss) on trade receivables | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation | 15,199,012 | 15,344,075 | 21,649,078 | 24,631,513 | 34,760,532 | 48,617,801 | 58,659,213 | 67,037,579 | 75,608,054 | 84,094,804 | 92,130,840 |
| **EBIT** | **82,022,015** | **104,224,642** | **129,719,817** | **144,653,287** | **236,399,842** | **514,250,684** | **601,214,914** | **641,128,782** | **817,554,998** | **1,039,806,445** | **1,319,349,325** |
| **EBIT margin %** | **39%** | **41%** | **36%** | **31%** | **27%** | **44%** | **42%** | **37%** | **39%** | **41%** | **43%** |
| | | | | | | | | | | | |
| Finance income | 859,618 | 620,604 | 1,941,453 | 12,882,124 | 18,190,652 | 17,010,577 | 42,813,850 | 43,170,632 | 41,789,172 | 37,923,673 | 30,591,763 |
| Finance cost | (3,836,870) | (1,705,833) | (10,553,365) | (19,936,889) | (60,041,983) | (56,288,777) | (119,001,152) | (116,585,150) | (106,758,825) | (98,525,276) | (90,783,424) |
| Bank charges | - | - | - | - | - | - | - | - | - | - | - |
| FX gain/loss | - | - | - | (69,956,047) | (92,105,319) | (9,696,264) | - | - | - | - | - |
| **Net finance cost** | **(2,977,252)** | **(1,085,229)** | **(8,611,912)** | **(77,010,812)** | **(133,956,650)** | **(48,974,464)** | **(76,187,302)** | **(73,414,518)** | **(64,969,654)** | **(60,601,603)** | **(60,191,661)** |
| | | | | | | | | | | | |
| **Share of profit from associate** | - | - | - | - | - | - | - | - | - | - | - |
| **Profit before minimum tax** | **79,044,763** | **103,139,413** | **121,107,905** | **67,642,475** | **102,443,192** | **465,276,220** | **525,027,612** | **567,714,264** | **752,585,344** | **979,204,842** | **1,259,157,665** |
| PBT margin % | 38% | 40% | 34% | 15% | 12% | 39% | 37% | 33% | 36% | 39% | 41% |
| | | | | | | | | | | | |
| Minimum tax expense | (171,265) | (266,088) | (953,855) | (414,299) | (2,813,008) | - | - | - | - | - | - |
| **Profit after minimum tax** | **78,873,498** | **102,873,325** | **120,154,050** | **67,228,176** | **99,630,184** | **465,276,220** | **525,027,612** | **567,714,264** | **752,585,344** | **979,204,842** | **1,259,157,665** |
| Income tax expense | (6,529,162) | (12,794,314) | (19,143,424) | 2,226,574 | (25,720,949) | (109,237,945) | (120,756,351) | (130,574,281) | (173,094,629) | (225,217,114) | (289,606,263) |
| **Profit after tax for the year** | **72,344,336** | **90,079,011** | **101,010,626** | **69,454,750** | **73,909,235** | **356,038,275** | **404,271,261** | **437,139,983** | **579,490,715** | **753,987,729** | **969,551,402** |
| **PAT Margin (%)** | **35%** | **35%** | **28%** | **15%** | **8%** | **30%** | **28%** | **25%** | **28%** | **30%** | **32%** |
| | | | | | | | | | | | |
| Profit/(loss) after tax from discontinued operation | - | - | - | - | - | - | - | - | - | - | - |
| Remeasurement of net defined liability asset | (824,234) | 156,779 | 32,489 | (522,951) | (2,856,442) | (2,264,938) | - | - | - | - | - |
| **Profit/(loss) after tax for the year** | **71,520,102** | **90,235,790** | **101,043,115** | **68,931,799** | **71,052,793** | **353,773,337** | **404,271,261** | **437,139,983** | **579,490,715** | **753,987,729** | **969,551,402** |

## *STATEMENT OF FINANCIAL POSITION*

| (NGN Thousands) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026F | 2027F | 2028F | 2029F | 2030F |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Non-Current Asset** | | | | | | | | | | | |
| Property, Plant and Equipment | 523,312,829 | 578,887,892 | 669,013,354 | 803,502,888 | 1,182,476,535 | 1,179,526,058 | 1,415,986,327 | 1,617,642,386 | 1,823,333,794 | 2,027,015,775 | 2,219,880,649 |
| Intangible assets | 4,284,986 | 5,343,263 | 7,138,904 | 12,821,664 | 13,355,043 | 13,498,148 | 14,143,886 | 14,143,886 | 14,143,886 | 14,143,886 | 14,143,886 |
| Right-of-use assets | 70,490 | 76,848 | 89,141 | 115,627 | 83,750 | 185,872 | 148,698 | 111,523 | 74,349 | 37,174 | - |
| Other assets | - | - | - | - | - | - | - | - | - | - | - |
| **Total non-current assets** | **527,668,305** | **584,308,003** | **676,241,399** | **816,440,179** | **1,195,915,328** | **1,193,210,078** | **1,430,278,910** | **1,631,897,795** | **1,837,552,029** | **2,041,196,835** | **2,234,024,535** |
| | | | | | | | | | | | |
| **Current Assets** | | | | | | | | | | | |
| Inventories | 31,505,198 | 39,068,039 | 52,468,290 | 85,805,780 | 159,797,427 | 171,763,346 | 215,046,735 | 281,023,073 | 321,604,886 | 367,392,079 | 418,897,623 |
| Trade and other receivables | 461,635 | 118,986 | 17,570 | 63,615 | 228,544 | 236,843 | 312,795 | 402,137 | 429,341 | 450,235 | 460,972 |
| Cash and cash equivalents | 123,821,089 | 62,338,398 | 48,046,647 | 225,077,529 | 84,749,250 | 280,379,968 | 224,004,430 | 447,296,058 | 750,737,371 | 1,207,704,969 | 1,861,316,388 |
| Prepayment and other assets | 82,846,351 | 37,897,852 | 80,690,386 | 84,994,536 | 106,889,873 | 160,125,741 | 163,071,074 | 163,071,074 | 163,071,074 | 163,071,074 | 163,071,074 |
| Due from related parties | - | 4,776,195 | 16,547,592 | 3,304,738 | 22,771,443 | 50,411,030 | 29,592,511 | 29,592,511 | 29,592,511 | 29,592,511 | 29,592,511 |
| **Total current assets** | **238,634,273** | **144,199,470** | **197,770,485** | **399,246,198** | **374,436,537** | **662,916,928** | **632,027,545** | **921,384,853** | **1,265,435,182** | **1,768,210,869** | **2,473,338,567** |
| **Total Assets** | **766,302,578** | **728,507,473** | **874,011,884** | **1,215,686,377** | **1,570,351,865** | **1,856,127,006** | **2,062,306,455** | **2,553,282,648** | **3,102,987,211** | **3,809,407,703** | **4,707,363,103** |
| | | | | | | | | | | | |
| **Equity** | | | | | | | | | | | |
| Share capital | 16,932,177 | 16,932,177 | 16,932,177 | 16,932,177 | 16,932,177 | 16,932,177 | 16,932,177 | 16,932,177 | 16,932,177 | 16,932,177 | 16,932,177 |
| Retained earnings | 159,915,508 | 181,920,749 | 194,884,054 | 169,518,613 | 175,699,140 | 462,315,489 | 546,903,391 | 898,709,233 | 1,365,099,966 | 1,971,951,662 | 2,752,320,835 |
| Reorganisation reserve | 200,004,179 | 200,004,179 | 200,004,179 | 200,004,179 | 200,004,179 | 200,004,179 | 200,004,179 | 200,004,179 | 200,004,179 | 200,004,179 | 200,004,179 |
| Reserve on actuarial valuation of defined benefit plan | (897,136) | (740,357) | (707,868) | (1,230,819) | (4,087,261) | (6,352,199) | (6,352,199) | (6,352,199) | (6,352,199) | (6,352,199) | (6,352,199) |
| **Total equity** | **375,954,728** | **398,116,748** | **411,112,542** | **385,224,150** | **388,548,235** | **672,899,646** | **757,487,548** | **1,109,293,390** | **1,575,684,123** | **2,182,535,819** | **2,962,904,992** |
| | | | | | | | | | | | |
| **Liabilities** | | | | | | | | | | | |
| **Non-current liabilities** | | | | | | | | | | | |
| Long term borrowing | 50,449,387 | 43,685,460 | 44,740,089 | 295,467,446 | 444,824,129 | 313,072,476 | 322,456,180 | 312,141,415 | 302,971,352 | 294,861,440 | 287,733,509 |
| Lease liabilities | 37,317 | 39,595 | - | - | - | - | - | - | - | - | - |
| Debt security issued | 113,195,044 | 113,551,259 | 113,932,939 | 114,124,633 | 57,252,784 | 24,730,823 | 26,822,563 | 25,678,607 | 24,556,199 | 23,482,851 | 22,456,418 |
| Employee benefit obligations | 3,645,893 | 3,760,297 | 3,954,979 | 4,572,204 | 7,134,372 | 9,163,468 | 9,305,255 | 9,305,255 | 9,305,255 | 9,305,255 | 9,305,255 |
| Deferred tax liabilities | 1,120,222 | 12,606,257 | 29,696,822 | 13,783,316 | 47,973,774 | 128,209,105 | 107,708,386 | 107,708,386 | 107,708,386 | 107,708,386 | 107,708,386 |
| Government grant | 4,632,023 | 3,721,262 | 2,810,501 | 1,996,272 | 1,463,930 | 936,577 | 936,577 | 936,577 | 936,577 | 936,577 | 936,577 |
| Provision for decommissioning liabilities | 9,167,775 | 7,671,475 | 11,838,213 | 23,480,729 | 48,600,112 | 9,278,688 | 12,129,826 | 12,129,826 | 12,129,826 | 12,129,826 | 12,129,826 |
| **Total non-current liabilities** | **182,247,661** | **185,035,605** | **206,973,543** | **453,424,600** | **607,249,101** | **485,391,137** | **479,358,787** | **467,900,066** | **457,607,595** | **448,424,335** | **440,269,972** |
| | | | | | | | | | | | |
| **Current liabilities** | | | | | | | | | | | |
| Trade and other payables | 23,868,768 | 22,278,412 | 79,066,287 | 81,964,317 | 377,073,124 | 371,519,896 | 455,508,083 | 611,485,390 | 709,957,956 | 823,099,562 | 952,786,750 |
| Loans and borrowings | 105,648,512 | 39,810,241 | 80,695,381 | 122,689,462 | 48,314,584 | 156,303,553 | 129,796,527 | 125,644,581 | 121,953,405 | 118,688,967 | 115,819,800 |
| Lease Liabilities | - | - | 55,788 | 73,867 | 88,171 | 144,936 | 147,350 | 151,278 | 153,798 | 154,821 | 154,304 |
| Contract liabilities | 42,138,330 | 78,586,238 | 92,166,502 | 105,115,874 | 113,936,226 | 105,812,462 | 143,293,956 | 143,293,956 | 143,293,956 | 143,293,956 | 143,293,956 |
| Current tax liabilities | 922,428 | 1,697,203 | 2,170,341 | 13,564,271 | 2,470,056 | 29,210,383 | 66,018,254 | 66,018,254 | 66,018,254 | 66,018,254 | 66,018,254 |
| Debt security issued | - | - | - | - | 28,489,096 | 32,523,438 | 28,141,706 | 26,941,490 | 25,763,881 | 24,637,745 | 23,560,832 |
| Employee benefit obligation | - | - | - | - | - | - | - | - | - | - | - |
| Government grant | 900,695 | 910,761 | 910,761 | 862,495 | 640,870 | 527,353 | 397,321 | 397,321 | 397,321 | 397,321 | 397,321 |
| Due to related parties | 34,497,761 | 1,477,928 | - | 51,118,269 | - | - | - | - | - | - | - |
| Provision for decommissioning liabilities | 123,695 | 594,337 | 860,739 | 1,649,072 | 3,542,402 | 1,794,202 | 2,156,923 | 2,156,923 | 2,156,923 | 2,156,923 | 2,156,923 |
| **Total current liabilities** | **208,100,189** | **145,355,120** | **255,925,799** | **377,037,627** | **574,554,529** | **697,836,223** | **825,460,120** | **976,089,192** | **1,069,695,494** | **1,178,447,549** | **1,304,188,139** |
| **Total liabilities** | **390,347,850** | **330,390,725** | **462,899,342** | **830,462,227** | **1,181,803,630** | **1,183,227,360** | **1,304,818,907** | **1,443,989,258** | **1,527,303,089** | **1,626,871,884** | **1,744,458,111** |
| **Total liabilities shareholders equity** | **766,302,578** | **728,507,473** | **874,011,884** | **1,215,686,377** | **1,570,351,865** | **1,856,127,006** | **2,062,306,455** | **2,553,282,648** | **3,102,987,211** | **3,809,407,703** | **4,707,363,103** |

# *CASH FLOW STATEMENT*

| (NGN Thousands) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2,026 | 2,027 | 2,028 | 2,029 | 2,030 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash Flow from operating activities** | | | | | | | | | | | |
| Profit after tax | 72,344,336 | 90,079,011 | 101,010,626 | 69,454,750 | 73,909,235 | 356,038,275 | 404,271,261 | 437,139,983 | 579,490,715 | 753,987,729 | 969,551,402 |
| **Adjustments to reconcile Profit for the year to net cash flows:** | | | | | | | | | | | |
| Depreciation of PPE | 15,199,012 | 15,344,074 | 22,135,220 | 24,986,201 | 34,790,615 | 48,431,662 | 58,598,069 | 67,000,405 | 75,570,880 | 84,057,629 | 92,093,666 |
| Impairment of PPE | - | - | 139,657 | - | - | - | - | - | - | - | - |
| Amortization of intangible asset | 227,871 | 44,898 | 351,178 | 411,112 | 613,450 | 683,247 | 154,002 | - | - | - | - |
| Impairment of intangible asset | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation of right of use asset | 56,191 | 82,486 | 73,441 | 96,695 | 110,434 | 143,762 | 37,174 | 37,174 | 37,174 | 37,174 | 37,174 |
| Amortization of government grant | (229,438) | (900,695) | (910,761) | (862,495) | (753,967) | (640,870) | (130,032) | - | - | - | - |
| Derecognition of (gains)/ losses on financial assets at amortised cost | (1,355,590) | (5,394) | (276) | 45 | 311 | (188) | - | - | - | - | - |
| Write-off of trade receivables | - | - | - | 3,238 | - | - | - | - | - | - | - |
| (Profit)/loss on sale of assets and liabilities | - | - | 316,731 | - | (900) | (1,058) | - | - | - | - | - |
| Unrealised foreign exchange gain on cash and cash equivalents | - | - | - | (43,890,347) | - | - | | | | | |
| Net unrealized foreign exchange (gain)/loss | 887,011 | 890,656 | 5,462,791 | 69,956,047 | 92,105,319 | 9,696,264 | - | - | - | - | - |
| Decommissioning liabilities adjustment | - | - | 1,052,726 | - | (2,548,608) | (12,976,653) | 141,721 | - | - | - | - |
| Current service cost-defined benefit plan | 688,606 | 359,983 | 348,380 | 338,639 | 505,897 | 795,243 | 261,007 | - | - | - | - |
| Recultivation cost | - | - | - | 9,600 | | - | - | - | - | - | - |
| Defined benefit plan amendment | (1,186,842) | - | (85,046) | - | - | - | - | - | - | - | - |
| Actuarial gain on defined benefit obligation | - | - | (46,414) | - | - | - | - | - | - | - | - |
| Remeasurement of defined benefit obligation | - | - | 32,489 | - | - | - | - | - | - | - | - |
| Deferred tax (credit)/charge on actuarial loss | - | - | - | - | - | - | - | - | - | - | - |
| Plan participant contribution | - | - | - | (286,092) | (462,627) | (748,897) | - | - | - | - | - |
| Finance income | (859,618) | (620,604) | (1,941,453) | (12,882,124) | (18,190,652) | (17,010,577) | (42,813,850) | (43,170,632) | (41,789,172) | (37,923,673) | (30,591,763) |
| Finance costs | 3,836,870 | 1,705,833 | 10,553,365 | 19,936,889 | 60,051,583 | 56,288,777 | 119,001,152 | 116,585,150 | 106,758,825 | 98,525,276 | 90,783,424 |
| Income tax expense | 6,529,162 | 12,794,314 | 19,143,424 | (2,226,574) | 25,720,949 | 109,237,945 | 120,756,351 | 130,574,281 | 173,094,629 | 225,217,114 | 289,606,263 |
| Minimum tax | 171,265 | 266,088 | 953,855 | 414,299 | 2,057,862 | - | - | - | - | - | - |
| Share based payment expense | - | 1,926,230 | - | - | - | - | - | - | - | - | - |
| Modification gain | - | (1,434,056) | (1,432,561) | - | - | - | - | - | - | - | - |
| Changes in net working capital | (31,246,322) | 79,393,886 | (5,827,378) | 24,602,205 | 140,690,777 | (95,375,057) | 133,024,086 | 89,911,626 | 57,863,550 | 67,333,519 | 78,170,908 |
| **Cash flows generated from operations** | **65,062,514** | **199,926,710** | **151,329,994** | **150,062,088** | **408,599,678** | **454,561,875** | **793,300,942** | **798,077,987** | **951,026,602** | **1,191,234,767** | **1,489,651,073** |
| Income taxes paid | (744,369) | (863,321) | (1,579,721) | (2,068,880) | (2,477,726) | (2,345,433) | (120,756,351) | (130,574,281) | (173,094,629) | (225,217,114) | (289,606,263) |
| Defined benefit paid during the year | (100,775) | (106,132) | (176,679) | (380,905) | (868,867) | (855,702) | (350,822) | - | - | - | - |
| **Net cash flows generated from operating activities** | **64,217,370** | **198,957,257** | **149,573,594** | **147,612,303** | **405,253,085** | **451,360,740** | **672,193,769** | **667,503,707** | **777,931,973** | **966,017,654** | **1,200,044,810** |
| **Cash flows from investing activities** | | | | | | | | | | | |
| Acquisition of property, plant and equipment (CAPEX) | (127,118,686) | (57,613,851) | (102,284,661) | (110,917,367) | (289,726,899) | (79,593,593) | (285,425,666) | (259,023,792) | (271,629,616) | (278,106,938) | (275,325,868) |
| Acquisition of intangible assets | (1,730,941) | (1,103,176) | (2,146,820) | (6,093,873) | (1,146,829) | (826,352) | 799,741 | - | - | - | - |
| Interest received | 859,618 | 620,604 | 1,941,453 | 12,882,124 | 18,190,652 | 17,010,577 | 42,813,850 | 43,170,632 | 41,789,172 | 37,923,673 | 30,591,763 |
| Unclaimed dividend received | - | 19,702 | 214,794 | - | - | - | - | - | - | - | - |
| Gain from disposal of property, plant and equipment | - | - | - | - | 4,093 | 17,465 | - | - | - | - | - |
| **Net cash flows used in investing activities** | **(127,990,009)** | **(58,076,721)** | **(102,275,234)** | **(104,129,116)** | **(272,678,983)** | **(63,391,903)** | **(241,812,075)** | **(215,853,160)** | **(229,840,445)** | **(240,183,265)** | **(244,734,105)** |
| **Cash flows from financing activities** | | | | | | | | | | | |
| Interest paid | (13,287,516) | (5,863,737) | (4,838,374) | (36,062,945) | (94,913,336) | (49,452,450) | (53,099,465) | (55,797,774) | (49,821,034) | (44,268,755) | (39,084,217) |
| Dividend paid to shareholders of the company | (59,262,616) | (70,000,000) | (88,047,321) | (94,820,191) | (67,728,708) | (69,421,926) | (338,643,540) | (85,265,173) | (113,031,015) | (147,067,064) | (189,113,261) |
| Interest payment on overdraft | | - | (457,933) | (2,318,651) | (3,864,841) | (712) | - | - | - | - | - |
| Unclaimed dividends received | 35,608 | 19,702 | | 24,615 | - | - | - | - | - | - | - |
| Borrowings | 228,722,337 | 30,044,560 | 178,449,460 | 325,322,449 | 22,844,569 | 16,565,392 | 18,221,931 | 19,133,028 | 19,707,019 | 20,298,229 | 20,907,176 |
| Repayment of loans and borrowings | (96,768,171) | (102,939,124) | (136,982,278) | (93,746,240) | (190,422,793) | (50,126,227) | (47,952,225) | (46,357,854) | (44,991,591) | (43,784,910) | (42,726,200) |
| Principal and interest repayment on lease liability | (65,236) | (96,230) | (74,260) | (116,687) | (72,512) | (206,407) | (14,254) | (14,491) | (14,877) | (15,125) | (15,226) |
| Proceed from debt security issued | 113,170,093 | - | - | - | - | - | - | - | - | - | - |
| Principal repayment of debt securities | | - | - | | (28,750,000) | (28,750,000) | (5,630,600) | (5,405,394) | (5,174,859) | (4,948,667) | (4,732,361) |
| Interest repayment on debt securities | - | (8,598,052) | (8,625,000) | (8,625,000) | (8,085,937) | (5,928,210) | (59,639,079) | (54,651,261) | (51,323,858) | (49,080,499) | (46,935,197) |
| Additions to decommissioning liability | - | 1,025,657 | (1,052,726) | | - | - | - | - | - | - | - |
| **Net cash used in financing activities** | **172,544,499** | **(214,503,647)** | **(61,628,432)** | **89,657,350** | **(370,993,558)** | **(187,320,540)** | **(486,757,232)** | **(228,358,918)** | **(244,650,216)** | **(268,866,791)** | **(301,699,286)** |
| **Net (decrease)/increase in cash and cash equivalents** | **108,771,860** | **(61,520,541)** | **(14,330,072)** | **133,140,537** | **(238,419,456)** | **200,648,297** | **(56,375,538)** | **223,291,628** | **303,441,312** | **456,967,598** | **653,611,419** |
| Cash and cash equivalents at the beginning of the year | 15,024,598 | 123,821,089 | 62,338,398 | 48,046,647 | 225,077,529 | 84,749,250 | 280,379,968 | 224,004,430 | 447,296,058 | 750,737,371 | 1,207,704,969 |
| Effects of exchange rate differences on cash and cash equivalents | 24,631 | 37,850 | 38,321 | 43,890,346 | 98,091,177 | (5,017,579) | - | - | - | - | - |
| **Cash and cash equivalents at the end of the year** | **123,821,089** | **62,338,398** | **48,046,647** | **225,077,530** | **84,749,250** | **280,379,968** | **224,004,430** | **447,296,058** | **750,737,371** | **1,207,704,969** | **1,861,316,388** |

# Model Assumptions

BUA CEMENT

*Key drivers behind our 21% revenue growth forecast and the margin compression underpinning our SELL thesis.*

| | |
|---|---|
| **Revenue**<br>**+21% YoY**<br>*→ ₦1.43tn* | We forecast revenue to grow at 21% YoY to ₦1.43 trillion in 2026F (from ₦1.18tn in 2025A), driven by a 10% increase in cement volumes reflecting rising capacity utilization from 51% to 56%, combined with a 10% blended price increase from ₦6,778/bag to ₦7,456/bag, as BUA passes through residual energy and logistics cost inflation. |
| **Gross Profit & Margin**<br>**50.0%**<br>*vs 51.2% in 2025A* | We project gross profit of ₦713.6bn at a 50.0% gross margin (vs 51.2% in 2025A), reflecting slight margin compression as COGS as a percentage of sales rises from 48.8% to 50.0%, driven by elevated gas and coal input costs partially offsetting the pricing-driven revenue uplift. |
| **EBITDA**<br>**₦659.9bn**<br>*margin: 46.2%, vs 47.7%* | EBITDA is forecast at ₦659.9bn (margin: 46.2%, vs 47.7% in 2025A), with compression driven by higher OPEX load including selling & distribution costs (5% of sales) and admin expenses (3%) rising in line with revenue but without operating leverage benefit. This represents 17.2% YoY EBITDA growth, decelerating from the abnormally high 2025 base. |
| **CAPEX**<br>**₦285.4bn**<br>*~20% of revenue* | We model CAPEX of ₦285.4bn (~20% of revenue) in 2026F, a sharp step-up from ₦79.6bn in 2025A (6.7% of revenue), reflecting BUA's ongoing capacity expansion from 17 MMT to 20 MMT installed capacity at the Edo Plant by 2027F. This is a core bear driver in our investment thesis. |
| **Net Profit (PAT)**<br>**₦404.3bn**<br>*margin: 28.3%, vs 30.2%* | We forecast PAT of ₦404.3bn, a PAT margin of 28.3% (vs 30.2% in 2025A), pressured by rising finance costs, notably ₦119bn in 2026F as gross finance charges on BUA's net debt of ~₦443M, alongside a 23% effective tax rate normalization. EPS comes to ₦11.94, up 13.6% YoY.<br>Our net profit is excluding FX volatility. |

# THANK YOU !