SAVEST FINANCIAL

PRESCO PLC
FY 2025

Earnings Report Update

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Company Overview

Presco Plc is a fully integrated agro-industrial establishment with oil palm plantations, palm oil mill, palm kernel crushing plant and vegetable oil refining plant. It was incorporated in Nigeria on 24th September, 1991 as a private limited liability company under the Companies and Allied Matters Act, and became a public limited liability Company in February, 2002. Presco specializes in the cultivation of oil palm and in the extraction, refining and fractionation of crude palm oil into finished products.

The company operates from eight estates (6 in Nigeria and two in Ghana): Obaretin Estate, Ologbo Estate and ATO Estate in Edo State, Cowan Estate in Delta State, Ubima & Elele in Rivers State, Kwae and Okumaning estates in Ghana.

Revenue/Profitability Summary			
Million NGN(₦), except EPS	**FY 2025**	**Q4 2025**	**YOY**
Revenue	331,189.00	56,688.00	59.61%
Gross profit	228,207.00	26,117.00	63.07%
Operating Income	214,384.00	48,548.00	70.00%
Income before tax	178,558.00	39,035.00	57.28%
Net Income	138,116.00	27,459.00	77.54%
Earning per Share (EPS)	134.38	27.46	81.57%

Cost/Expenses Summary			
Million NGN(₦)	**FY 2025**	**Q4 2025**	**YOY**
Cost of revenue	102,982.00	30,571.00	52.43%
Research and development	53,724.00	13,213.00	48.57%
Sales and marketing	4,023.00	919.00	29.19%
General and administrative	43,620.00	13,645.00	240.99%
Income tax	40,443.00	11,576.00	14.15%

Cash Flow Summary		
Million NGN(₦)	**FY 2025**	**YOY**
Net cash from operations	146,173.00	11.40%
Net cash used in investing	-125,014.00	-26.17%
Net cash used in financing	230,044.00	712.96%
Closing cash balance	279,687.00	207.01%

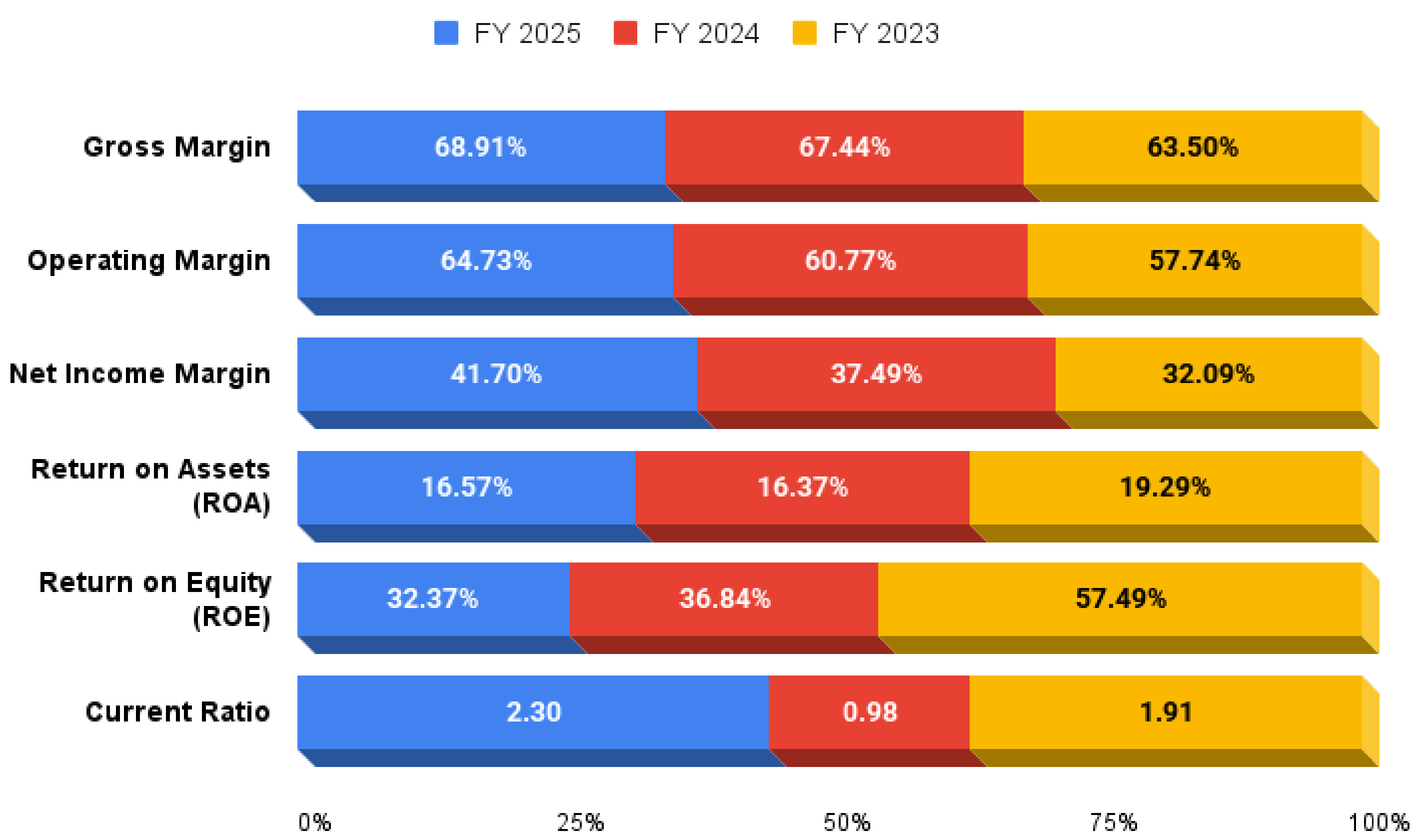
Segment Performance			
Million NGN(₦)	**FY 2025**	**% Revenue**	**YOY**
Sales of crude and refined products	330,939.00	99.92%	59.49%
Mill by-products	250.00	0.08%	1983.33%

Key Items of Financial Position Summary			
Million NGN(₦)	**31st Dec 2025**	**QOQ**	**YOY**
Current assets	347,698.00	3.26%	14.25%
Non-current assets	485,697.00	75.92%	184.44%
Total assets	833,395.00	35.99%	75.42%
Current liabilities	195,395.00	2.65%	119.39%
Non-current liabilities	211,340.00	-4.04%	20.87%
Total liabilities	406,735.00	-0.94%	54.12%
Total equities	426,660.00	110.98%	102.03%

Geographic Performance

Million NGN(₦)	FY 2025	% Revenue	YOY
Nigeria	245,331.00	74.08%	38.58%
Ghana	80,007.00	24.16%	162.54%
Austria	537.00	0.16%	-
Germany	5,314.00	1.60%	-

Margin and Efficiency Analysis



Performance Highlights

- Presco Plc delivered a very strong top-line performance in FY 2025, with group revenue rising to ₦331.2 billion from ₦207.5 billion in 2024, representing approximately 59.6% year-on-year growth. The expansion was primarily driven by higher sales volumes and improved pricing of crude and refined palm oil products, which remained the dominant revenue contributor.

- Product mix performance shows that sales of crude and refined products were the principal growth engine, increasing by about 59.5% year-on-year from ₦207.5 billion to ₦330.9 billion. Mill by-products remained marginal but improved significantly in percentage terms, indicating better utilization of processing outputs.

- Geographically, revenue diversification improved, with Nigerian operations still dominant but export markets gaining traction. Ghana revenue expanded sharply from ₦30.5 billion to ₦80.0 billion, a growth of over 160%, emerging as the most significant external growth driver. European contributions from Germany and Austria were modest but stable, reflecting incremental penetration into higher-value export destinations and reduced overreliance on the domestic market alone.

- Profitability metrics strengthened materially, as net profit attributable to equity holders surged by approximately 77.6% to ₦138.1 billion from ₦77.8 billion. This outsized earnings expansion relative to revenue growth signals improved operating leverage, cost efficiency in production processes, and favourable price-cost spreads within the palm oil value chain.

- Operational cost dynamics show that cost of sales increased to ₦103.0 billion from ₦67.6 billion, representing a 52.4% rise, largely driven by higher raw material consumption and production costs.

- Administrative expenses grew significantly to ₦53.7 billion from ₦36.2 billion, an increase of approximately 48.6%, largely driven by higher staff costs, management fees, insurance, and professional services. The increase reflects organizational expansion, workforce scaling, and broader operational complexity following subsidiary consolidation.

- Balance sheet strength improved notably, with cash and cash equivalents increasing dramatically to ₦279.7 billion from ₦31.4 billion, representing growth of over 790%. This substantial liquidity build-up enhances financial flexibility, supports working capital requirements, and provides headroom for capital expenditure, dividend payments, and debt servicing.

- Asset expansion was also evident through biological assets and capital investment. Biological assets increased by about 40.4% to ₦99.0 billion, while property, plant, and equipment acquisitions exceeded ₦40 billion at the group level.

Concerns Raised

- A primary area of concern is the sharp rise in finance costs, which climbed to ₦43.6 billion from ₦12.8 billion, representing an increase of over 240%. This surge reflects elevated borrowing levels and higher interest expenses, which could pressure future net margins if commodity prices soften or if interest rate conditions remain elevated.
- Leverage levels have increased materially, with total borrowings rising to ₦164.1 billion from ₦55.4 billion, a near 196% jump. While the debt appears to be funding expansion and asset growth, sustained leverage expansion may heighten financial risk, reduce interest coverage ratios, and constrain future capital allocation flexibility if earnings growth moderates.
- Administrative and staff cost inflation also presents a structural concern, as operating overheads are rising at a pace close to revenue growth. Without continuous efficiency gains, this trend could compress operating margins over the medium term.
- Finally, revenue concentration risk remains notable, with the bulk of earnings tied to crude and refined palm oil products and heavy exposure to the Nigerian market. Commodity price volatility, regulatory changes, or adverse climatic conditions affecting agricultural yields could materially impact revenue stability and profitability sustainability going forward.

SAVEST RATING: OVERWEIGHT

OUR INSIGHT

"Presco Plc delivered an exceptional FY 2025 performance, with revenue, profitability, and EPS recording strong double-digit growth driven by higher palm oil prices, volume expansion, and improved operating efficiency. Robust cash generation and balance-sheet strengthening support a positive long-term investment outlook anchored on vertical integration and export growth. However, investors should closely monitor rising leverage, finance costs, administrative expense inflation, and commodity price volatility, which could pressure margins if market conditions weaken."

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