SAVEST FINANCIAL

BUA CEMENT PLC
FY 2025

Earnings Report Update

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Company Overview

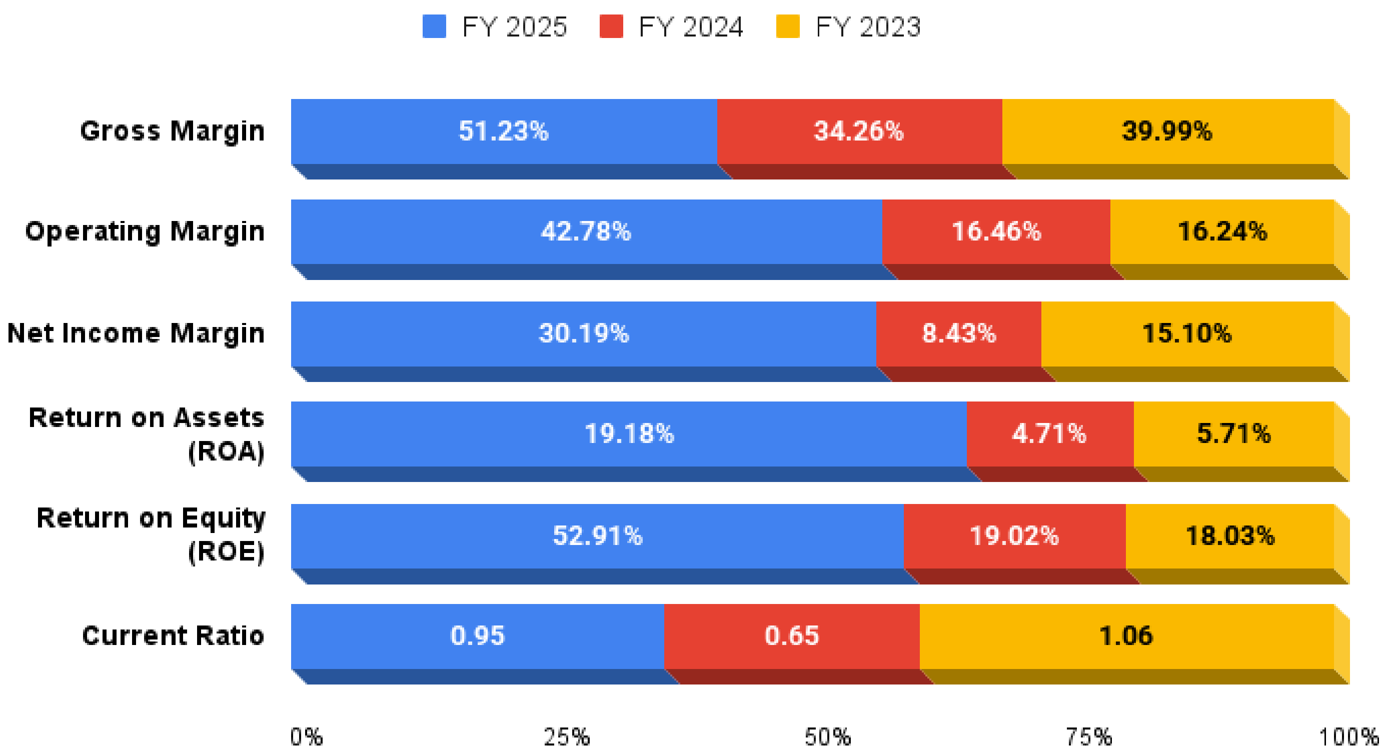
BUA Cement Plc is Nigeria's second-largest cement producer, operating manufacturing plants in Edo and Sokoto States. The company is engaged in the quarrying, processing, and manufacturing of high-quality CEM-II cement, supplying residential, commercial, and large-scale infrastructure projects across Nigeria and internationally. It also maintains a nationwide distribution network spanning key depots in Lagos, Abuja, Ibadan, Ilorin, and Sagamu.

Revenue/Profitability Summary			
Billion NGN(₦), except EPS	**FY 2025**	**Q4 2025**	**YOY**
Revenue	1,179.44	320.71	34.57%
Gross profit	604.18	174.92	101.22%
Operating profit	504.55	138.93	249.65%
Profit before tax	465.28	126.71	367.00%
Profit after tax	356.04	66.18	381.72%
Earnings per share (Naira)	10.51	1.95	382.11%
Cost/Expenses Summary			
Billion NGN(₦)	**FY 2025**	**Q4 2025**	**YOY**
Cost of sales	575.26	145.79	-0.16%
Distribution and selling expenses	63.61	16.13	48.42%
Administrative expenses	27.83	10.41	26.13%
Net finance cost (benefits)	39.28	-6.87	-6.17%
Income tax expense	109.24	60.53	324.70%
Key Items of Financial Position Summary			
Billion NGN(₦)	**31st Dec, 2025**	**QOQ**	**YOY**
Non-current assets	1,193.21	4.06%	-0.23%
Current assets	662.92	36.15%	77.04%
Total assets	1,856.13	13.63%	18.20%
Non-current liabilities	485.39	-13.56%	-20.07%
Current liabilities	697.84	50.71%	21.46%
Total liabilities	1,183.23	15.49%	0.12%
Total equity	672.90	10.50%	73.18%
Segment Performance			
Billion NGN(₦)	**FY 2025**	**% Revenue**	**YOY**
Sale of bagged cement	1,171.88	99.36%	34.00%
Sale of bulk cement	7.57	0.64%	285.07%
Cash Flow Summary			
Billion NGN(₦)	**FY 2025**	**Q4 2025**	**YOY**
Net cash from operations	451.36	230.22	11.38%
Net cash used in investing	-63.39	-46.85	76.75%
Net cash used in financing	-187.32	-53.51	49.51%
Closing cash balance	280.38	125.56	230.83%

Geographic Performance

Billion NGN(₦)	FY 2025	% Revenue	YOY
Nigeria	1,164.64	98.75%	32.97%
Outside Nigeria	14.80	1.25%	2243.21%

Margin and Efficiency Analysis



Performance Highlights

- BUA Cement Plc delivered a strong financial performance in FY2025, supported by robust domestic cement demand, improved pricing realization, and sustained expansion of its distribution network across Nigeria. The company benefited from increased construction activity and stronger market penetration, reinforcing its position within the domestic cement industry.

- Revenue growth was overwhelmingly driven by bagged cement sales, which continued to dominate the company's product mix. This underscores the importance of the retail construction and building materials segment in supporting topline performance, with bulk sales and alternative product lines contributing only marginally to overall revenue.

- The company recorded a significant improvement in gross profitability during the year. This was largely driven by relatively stable production costs despite strong revenue expansion, enabling substantial margin recovery. Improved cost absorption and operational efficiency also contributed to the stronger profitability profile.

- Cost of sales remained broadly stable, suggesting improved management of key production inputs and operational processes. The stability in production costs, despite increased volumes, indicates better plant utilization and improved cost discipline across manufacturing operations.

- Operating performance strengthened materially, driven by higher gross margins and improved operating leverage. Although distribution and administrative costs increased due to scale expansion and inflationary pressures, the growth in operating expenses remained well below revenue growth.

- Distribution and selling expenses increased during the year, reflecting higher logistics activity and expanded delivery coverage to support growing cement volumes across regional markets. Rising transportation costs also contributed to the increase in distribution-related spending.

- Administrative expenses also rose, primarily driven by higher personnel costs and broader operational overheads. However, the moderate pace of administrative cost growth relative to revenue expansion indicates effective cost management and operational scalability.

- A key driver of the company's earnings recovery was the sharp reduction in foreign exchange losses compared to the previous year. Improved currency stability and better management of foreign currency exposures significantly reduced the impact of exchange rate volatility on profitability.

- The balance sheet position strengthened notably during the year, supported by strong cash generation and improved profitability. Cash balances increased significantly, allowing the company to reduce net debt while equity expanded through retained earnings growth.

Concerns Raised

- Despite the strong earnings recovery, interest rate exposure remains a notable risk given the company's reliance on floating-rate borrowings linked to SOFR. A 5% movement in interest rates could impact profit by approximately ₦22.4 billion, highlighting the sensitivity of earnings to global financing conditions.

- Foreign exchange exposure, although significantly reduced, continues to present potential volatility. The company maintains a net USD-denominated liability position, and sensitivity analysis indicates that a 15% movement in exchange rates could impact profit by approximately ₦59.4 billion, while larger currency movements could have materially higher effects.

- Liquidity risk also requires monitoring given the significant short-term maturity profile of financial liabilities. Approximately ₦434.4 billion of borrowings fall due beyond 12 months, but ₦256.6 billion of obligations mature within six months, which may require ongoing refinancing or cash flow support.

- Revenue concentration risk remains structurally high. The company derives virtually all revenue from cement sales within Nigeria, exposing earnings to domestic construction demand cycles, infrastructure spending trends, and macroeconomic conditions within a single geographic market.

OUR INSIGHT

"BUA Cement Plc delivered a materially stronger financial performance in FY2025, with margin expansion and earnings growth supported by robust revenue growth, stable production costs, and a sharp reduction in foreign-exchange losses. Profitability metrics improved significantly, with gross margin rising to 51.23% (FY2024: 34.26%) and net margin reaching 30.19%, while ROE strengthened to 52.91%, reflecting improved operating leverage and capital efficiency. The balance sheet also improved as strong operating cash flows reduced net debt and increased liquidity. From a long-term investment perspective, the company remains well positioned to benefit from Nigeria's structural infrastructure and housing demand. However, investors should monitor interest rate sensitivity, FX exposure, and revenue concentration in the domestic cement market as key risk factors."

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