

UNITED CAPITAL PLC FY 2025

Earnings Report Update

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Company Overview

United Capital Plc is a leading Nigerian financial services group providing investment banking, asset and wealth management, securities trading, trusteeship, and consumer finance solutions. Its core businesses span corporate advisory, debt and equity capital markets, portfolio management, stockbroking, and trust services, serving governments, institutions, SMEs, and high-net-worth individuals across diverse sectors.

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Commenting on the results, Peter Ashade, Group Chief Executive Officer of United Capital Plc, stated that the Group’s 2025 performance reflects strong operational efficiency and prudent risk management. He noted that profit before tax increased 37% year-on-year, driven by growth in core operations, a resilient business model, and disciplined execution of strategic initiatives despite a challenging environment.

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CEO's Commentary

Revenue/Profitability Summary

Million (₺), except EPS	FY 2025	Q4 2025	YOY
Total revenue	58,547.62	17,005.83	34.81%
Operating income	53,534.20	15,935.90	46.44%
Profit before tax	41,182.69	16,168.24	36.81%
Profit for the year	28,146.56	6,973.57	16.78%
Earnings per share	1.56	1.34	16.42%

Cost/Expenses Summary

Million (₺)	FY 2025	Q4 2025	YOY
Personnel expenses	5,697.75	593.61	6.50%
Depreciation & amortization	932.46	331.97	40.24%
Impairment/(Charge for credit loss)	7,769.55	8,710.20	770.06%
Operating expenses	19,234.42	837.60	20.55%
Income tax expense	13,036.13	9,194.67	117.27%

Cash Flow Summary

Million (₺)	FY 2025	Q4 2025	YOY
Net cash from operations	207,212.13	66,956.64	-55.17%
Net cash from investing	-194,977.36	-268,355.15	50.32%
Net cash from financing	-37,565.96	9,025.29	-133.03%
Cash balance	287,096.03	-187,260.71	-6.99%

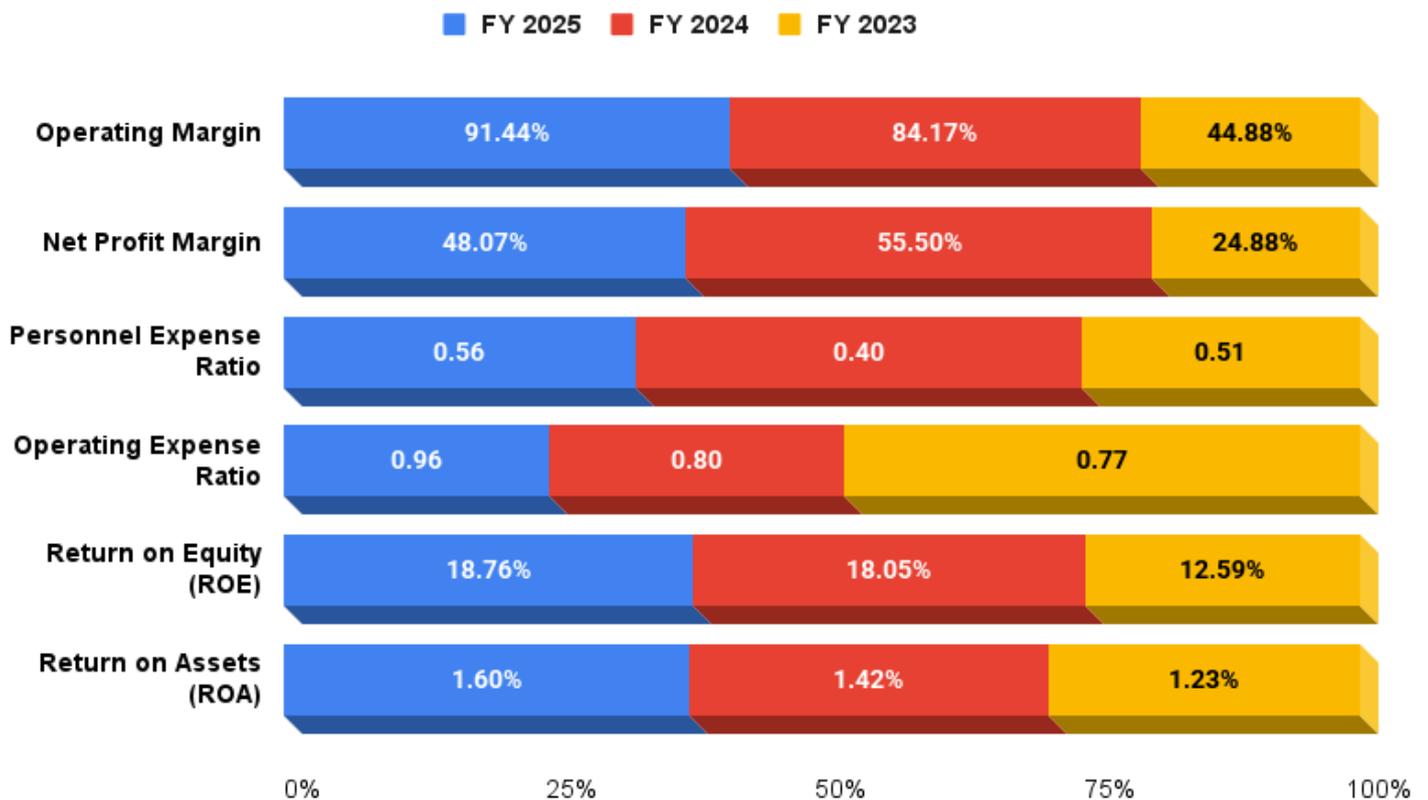
Key Items of Financial Position Summary

Million (₺)	Dec 2025	Sep 2025	QOQ	YOY
Total assets	1,761.34	1,867.47	-5.68%	3.50%
Total liabilities	1,611.34	1,637.56	-1.60%	2.75%
Total equities	150.00	229.91	-34.76%	12.35%

Segment Performance

Million (₹)	FY 2025	Q4 2025	% Revenue	YOY
Investment income	12,621.53	1,303.23	23.58%	-18.87%
Fee and commission	23,251.66	6,711.19	43.43%	59.39%
Trading income	17,661.01	7,921.49	32.99%	175.50%

Margin and Efficiency Analysis



- Revenue expansion was underpinned by a 59.4% increase in fee and commission income, reflecting higher transaction volumes across asset management, trusteeship and investment banking mandates. Net trading income surged 175.5%, benefiting from improved market activity and positioning in fixed income and equities. These gains offset a 18.9% decline in net investment income, attributable to yield normalisation and portfolio rebalancing.
- Net gain on financial assets at fair value rose significantly to ₦16.44 billion from ₦1.01 billion, representing a 1,527% increase, largely driven by valuation gains on quoted equities and corporate bonds. This materially supported operating profit growth of 43.1%. However, other income swung to a loss of ₦11.43 billion from a ₦5.86 billion gain in 2024, largely due to foreign exchange revaluation effects, partially moderating overall earnings expansion.
- Cost discipline remained relatively contained despite scale expansion. Total expenses grew 20.5%, below revenue growth of 34.8%, enabling positive operating leverage. Personnel expenses rose modestly by 6.5%, while other operating expenses increased 88.1% to ₦20.37 billion, reflecting inflationary pressures and business expansion costs.
- Impairment dynamics improved materially, with a net write-back of ₦7.77 billion compared to ₦0.89 billion in 2024, reflecting recoveries and improved credit quality within financial assets at amortised cost. Loss allowance on financial assets declined 43.6% year-on-year, reinforcing balance sheet strength and prudent risk management across loan and placement portfolios.
- On the balance sheet, total assets increased 3.5%, driven by a 18.5% growth in investment securities and a 16.5% expansion in loans and advances. The securities portfolio mix tilted toward fair value instruments, with FVTPL assets rising 119.2% to ₦576.04 billion.
- Managed funds grew 17.4% to ₦993.64 billion, supported by a 56.7% increase in wealth management funds to ₦383.26 billion, underscoring strong client asset mobilisation. Borrowed funds declined 8.3% to ₦372.30 billion following repayments, improving leverage metrics. Shareholders' funds expanded 12.4% to ₦150.00 billion, driven by retained earnings growth and fair value reserves accretion.
- Liquidity remained robust despite cash moderation. Net cash generated from operating activities declined 55.2%, reflecting working capital adjustments, particularly a reduction in managed funds inflows relative to 2024. Cash and cash equivalents fell 14.8%, yet coverage of short-term obligations remained comfortable given strong interest income generation and diversified funding.
- Capital adequacy and reserve strengthening were notable, with statutory and regulatory risk reserves rising to ₦221.06 million combined. Retained earnings increased 33.9% to ₦53.19 billion despite ₦14.4 billion dividend payments, reflecting sustainable internal capital generation and disciplined capital allocation.

Concerns Raised

- Earnings sensitivity to market volatility remains elevated given the sharp increase in FVTPL assets (+119.2%) and substantial reliance on trading and fair value gains. A reversal in equity or bond market performance could introduce earnings volatility and compress net income margins.
- Other income volatility, particularly foreign exchange revaluation losses of ₦10.57 billion, highlights exposure to currency movements. Although core operations remain strong, FX swings could distort bottom-line stability in periods of macroeconomic turbulence.
- Operating expense escalation, particularly the 88.1% increase in other operating expenses, warrants monitoring. Sustained cost inflation without commensurate revenue expansion could pressure operating leverage and dilute margin gains.
- Deferred tax liabilities increased 22.9% to ₦14.83 billion at group level, while effective tax expense rose 117.3% year-on-year. A structurally higher tax burden may moderate future net profit growth despite strong pre-tax earnings momentum.

OUR INSIGHT

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United Capital Plc delivered strong FY2025 operating momentum, with revenue up 34.8% and operating margin expanding to 91.4%, reflecting improved efficiency and trading-led income growth. ROE strengthened to 18.8%, reinforcing capital productivity, although net margin compressed to 48.1% amid higher taxes and FX volatility. Long term prospects remain constructive given asset growth and rising managed funds, but earnings sensitivity to fair value gains, cost escalation and market volatility warrants close monitoring for sustainability.

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