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UNILEVER NIGERIA PLC
Q2 2026

Earnings Report Update

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Company Overview

Unilever Nigeria Plc is a leading fast-moving consumer goods (FMCG) company engaged in the manufacture, marketing, and distribution of food, beauty and wellbeing, and personal care products to consumers across Nigeria.

The Company's core operations span packaged foods, seasonings, oral care, skincare, personal hygiene, and wellness products, serving households through a portfolio of established brands, including Knorr, Royco, Close-Up, Pepsodent, Vaseline, Rexona, and Pears. Leveraging its extensive distribution network, strong brand portfolio, and the global expertise of its parent company, Unilever PLC, Unilever Nigeria delivers everyday consumer products that cater to a broad range of household and personal care needs. Founded in 1923 and headquartered in Lagos, the Company is one of Nigeria's longest-established consumer goods manufacturers.

Revenue by Geography

Million Naira	Q2 2025	Q2 2026	YOY
Nigeria	50,644.50	59,072.24	16.64%
Outside Nigeria	481.90	1,678.75	248.36%
Total	51,126.40	60,750.99	18.83%

Source: *Company's Financial Statement*

Revenue by Segment

Million Naira	Q2 2025	Q2 2026	YOY
Foods	31,170.54	39,362.74	26.28%
Personal Care	14,449.66	15,130.81	4.71%
Beauty & Wellbeing	5,506.19	6,257.44	13.64%

Source: *Company's Financial Statement*

The Foods segment remained the principal revenue and operating-profit contributor, accounting for 64.8% of Q2 revenue and approximately 64.8% of segment operating profit. Revenue increased 26.3% YoY, while operating profit rose 29.8%, supported by stronger sales of savoury products and improved cost absorption. Its growth exceeded the company average and accounted for most of the incremental quarterly revenue.

Personal Care contributed 24.9% of revenue and segment operating profit. Revenue increased 4.7%, while operating profit rose 7.6%, indicating moderate growth in oral-care and deodorant products. The segment remained an important earnings contributor, although its slower growth resulted in a reduced share of the overall revenue mix.

Beauty & Wellbeing represented 10.3% of revenue and segment operating profit. Revenue advanced 13.6%, while operating profit increased 16.8%, reflecting improved sales of skin-care products and operating leverage. Although the smallest category, its double-digit growth supported greater balance across the portfolio.

Geographically, domestic sales contributed 97.2% of Q2 revenue and increased 16.6%, while exports accounted for 2.8% and expanded 248.4%. The export increase broadened the revenue base, although overall performance remains predominantly linked to Nigerian consumer demand, pricing conditions and distribution execution.

Financial Summary

Million Naira	Q2 2025	Q2 2026	YOY
Revenue	51,126.40	60,750.99	18.83%
Gross profit	23,262.52	28,123.84	20.90%
Operating profit	10,543.40	12,874.95	22.11%
Net finance income	2,857.62	2,878.28	0.72%
Profit before taxation	13,401.01	15,753.23	17.55%
Profit for the period	8,852.88	8,577.94	-3.11%
Earnings per share	1.54	1.49	-3.25%
Net cash flow from operations	17,437.25	4,896.20	-71.92%
Net cash flow from investing	3,968.64	506.77	-87.23%
Net cash flow from financing	(7,658.43)	(19,070.12)	-149.01%
Net change in cash	13,747.46	(13,667.15)	-199.42%
Closing cash balance	83,700.80	97,152.75	16.07%

Source: *Company's Financial Statement*

Performance Highlights

- Unilever Nigeria's Q2 2026 revenue performance reflected sustained consumer demand, pricing and mix optimisation, wider product availability, and continued investment in market execution. Growth in domestic sales was supported by the company's established distribution network and increased route-to-market activity, while higher export sales provided an additional, though still relatively modest, revenue channel. The quarter therefore reflects stronger commercial execution and market coverage rather than reliance on a single product category.

- Gross profit growth outpaced revenue as cost of sales increased at a slower rate than turnover. This reflected improved cost absorption, stronger product mix, and the benefit of higher sales volumes across key categories, notwithstanding continued exposure to imported input costs and inflationary pressure.

- Operating performance was shaped by higher route-to-market and logistics spending, alongside continued investment in brand visibility and customer engagement. These cost increases were partly offset by tighter administrative cost control and higher other income, allowing operating profit to expand ahead of revenue and supporting a modest improvement in operating margin.

- Pre-tax earnings benefited from the stronger operating result and a broadly stable net finance position. Finance income remained supported by the company's substantial cash holdings, while lower borrowing-related costs partly offset foreign-exchange losses on bank balances.

- The improvement in operating and pre-tax profitability did not translate fully to the bottom line because of a materially higher tax charge. The increase in the effective tax rate compressed net profit margin and resulted in a modest decline in profit after tax and earnings per share despite stronger underlying operating performance.

- The balance sheet remained liquid but showed increased working-capital deployment. Inventories rose 15.3%, trade and other receivables increased 9.1%, and advances and prepayments expanded 23.4% relative to December 2025. Property, plant and equipment increased 18.4%, reflecting continued production investment, while cash and cash equivalents declined 12.3% to ₦97.15 billion. Total assets decreased modestly by 1.6%, while trade and other payables rose 16.5% and equity declined 2.9%, mainly following the dividend distribution.

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Concerns Raised

The principal earnings concern is the divergence between operating and net profitability. While operating profit increased 22.1% and PBT rose 17.6%, PAT declined 3.1% because of the higher tax charge. The sustainability of shareholder earnings will therefore depend partly on whether the effective tax rate normalises in subsequent quarters.

Selling and distribution expenses more than doubled, materially outpacing revenue growth. Although this may support wider product availability and market penetration, continued growth at this rate could offset gross-margin gains. Marketing intensity also remains elevated as management invests in brand presence and consumer engagement.

Working-capital requirements increased, with inventories, receivables and prepayments rising while cash balances declined. The company retains substantial liquidity and low financial leverage, but sustained inventory accumulation or slower receivable conversion could reduce operating cash generation. Revenue concentration also remains high, with Nigeria accounting for approximately 97.2% of Q2 sales.

OUR INSIGHT

"Unilever Nigeria's Q2 2026 results indicate continued demand growth and improved operating profitability. Revenue growth exceeded cost-of-sales growth, gross and operating margins expanded, and all three product segments recorded higher sales and operating profit. The company also retains a substantial cash position and limited borrowings, providing financial capacity for production, distribution and brand investment.

The long-term investment case is supported by established consumer brands, broad distribution, exposure to essential consumer categories and a balance sheet with low financial leverage. Growth in Foods and the emerging contribution from exports provide additional earnings channels, while continued capital expenditure should support capacity and operating efficiency.

Key watchpoints into the next quarter include the effective tax rate, selling and distribution cost growth, conversion of operating earnings into cash, inventory and receivables management, and the ability to preserve consumer volumes while adjusting prices for input-cost inflation. The durability of margin expansion and the valuation at which the shares trade should remain central to any long-term investment decision."

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