



CORONATION

CONSUMER GOODS

REPORT

Research | Nigeria | Sector Update | Consumer Goods

September 2026

Nigerian Consumer Goods Sector

Report Approach

Each company's reported fiscal year is treated as its calendar-year equivalent. Vitafoam reports to 30 September and Honeywell Flour to 31 March. Both are retained because dropping them would leave Household and Personal Care with one company and Foods with three. Guinness moved its year-end from 30 June to 31 December during the period and filed an audited 18-month transition statement covering July 2024 to December 2025, so its FY2025 annual figures are a derived twelve-month construct. The half-year series needs no such treatment. It is built as calendar January to June from actual period-end dates, so H1 2026 against H1 2025 is properly aligned.

Data for the thirteen (13) companies in this report come from company filings and Bloomberg's "As Reported" data; where they conflict, the company's filed statements take precedence. Real figures are deflated by August 2026 headline inflation of 15.39%.

Analyst(s):

Dr. Temilola Adeyemi

tadeyemi@coronationam.com

Deborah Adebayo

dadebayo@coronationmb.com

Sadiq Tijani

stijani@coronationam.com

Naomi Ajayi

AjayiN@coronationsl.com

Coronation Research

Research@coronationam.com

Executive Summary

The listed Nigerian consumer goods universe lost ground against its own sector in the first half of 2026 for the first time in this series. Revenue across the thirteen companies grew 9.29%, against nominal growth of 20.54% in food, beverage and tobacco (FBT) manufacturing. Listed revenue fell from 66.5% of nominal sectoral output to 60.3%. By contrast, that ratio climbed over the five years reviewed (FY2021 to FY2025).

In the first six months of 2026, FBT output rose 20.54% in nominal terms and 3.50% in real terms, against real GDP growth of 4.23%. In nominal terms, FBT outperformed the overall economy, which grew by 18.07%. On the real reading, it lagged the economy. Nominal growth in listed revenue was supported mainly by price. Deflated by August 2026 headline inflation, the topline contracted 5.29% in real terms.

The currency shock has now normalised through the income statement. Sector profit before tax moved from a loss of N539.00bn in FY2024 to a profit of N1.07trn in FY2025. Net finance cost fell from 33.5% of EBITDA in FY2024 to 16.2% in FY2025 and 7.2% in the first half of 2026, and fell in absolute terms as well. Gross margin reached 37.97% in the first half of 2026, the highest in the series, against 33.98% in the first half of 2025. Earnings are recovering through margin and financing, not through volume.

The expansion in H1 2026 was driven entirely by a single acquisition. UAC of Nigeria contributed 6.62 of the 9.29 percentage points, all of it the consolidation of CHI Limited from October 2025 against a comparative period that contains none of it. Excluding UAC, the universe grew 2.74% nominally and contracted 10.96% in real terms. Foods Industry, the fastest-growing segment of the previous five years, saw revenue fall 7.24% as BUA Foods lost 16.1% and Dangote Sugar 8.9%. Capital spending was flat, down 0.98%, once two distortions are removed. This suggests the sector is not investing as though it expects volume to return.

The earnings recovery has a ceiling where volume growth remains stagnant. Margin and financing costs are already near the best levels this series has recorded. The ex-UAC universe barely grew, and the Foods Industry, the segment that led five years of expansion, is now shrinking. Capital spending shows no sign that the sector expects that to reverse. Competitive advantage will likely shift to the operators that choose to invest early in volume and market share, as net financing conditions remain favourable, not to those waiting for a shift in the sector cycle.

Contents

1.	Research Approach	02
2.	Executive Summary	03
3.	Macroeconomic Context	05
4.	Industry Trends	07
5.	PESTLE	16
6.	Competitive Structure	18
7.	Industry Cycle Position	19
8.	Synthesis and Outlook	20
9.	Disclaimer & Disclosures	23

Macroeconomic Context

Nominal and real output (FY2021 to FY2025)

Food, beverage and tobacco (FBT), a sub-manufacturing sector, grew faster than overall manufacturing over FY2021 to FY2025. Nominal output rose from N6.58trn in FY2021 to N12.37trn in FY2025, a compounded rate of 17.08%, against 14.18% for manufacturing and 16.07% for nominal GDP. The FBT subsector outperforms manufacturing and nominal GDP, by 2.90 and 1.01 percentage points respectively. However, it was not the fastest-growing subsector, though it ranked third among the thirteen manufacturing subsectors. The mean of the annual growth rates is 17.11%, marginally above the compound rate.

Chemical & Pharmaceutical Products led the manufacturing table with a 4-year compounded rate of 22.47%, followed by Wood & Wood Products at 18.47%. FBT came third at 17.08%, ahead of Cement at 16.64%. Oil Refining, by contrast, declined by 16.87% over the review periods.

Notwithstanding the solid compounded growth performance, the nominal rate grew at a slower rate for two consecutive years. Growth stood at 19.97% in FY2023, then 18.35% in FY2024 and 16.25% in FY2025. Against that, the subsector's share of manufacturing rose from 30.68% to 33.92%, while its share of total GDP peaked at 2.86% in FY2023 and slipped to 2.80% in FY2025. Both movements follow from the growth rates and are consistent. FBT compounded at 17.08% against manufacturing's 14.18%, so its share of manufacturing rose. It also compounded ahead of nominal GDP at 16.07%, so its share of the economy is higher in FY2025 than in FY2021, at 2.80% against 2.71%. The slip from the FY2023 peak is a recent-years effect: nominal GDP grew 18.72% in FY2024 and 18.43% in FY2025, against FBT at 18.35% and 16.25%.

The real series tells a different story in recent years. Real output grew 0.73% in FY2021, a partial early recovery from the 2020 contraction. Growth picked up to 7.86% and 6.49% in 2022 and 2023, respectively. Conversely, this pace slowed to 2.50% and 2.49% in FY2024 and FY2025, respectively. On the compound measure, real output rose 4.81% against real GDP of 3.93%. This shows the subsector outpaced the economy across the period. In individual years, FY2024 and FY2025 alone did not (see Exhibit 1 below). The compound outperformance was earned in FY2022 and FY2023 and has since reversed.

Output in the first half of 2026

Nominal output in FBT grew 20.54% y/y in the first half of 2026 against nominal GDP growth of 18.07% y/y, but real output grew 3.50% y/y against real GDP of 4.23% y/y. The nominal outperformance is due to prices, and the two measures point in opposite directions.

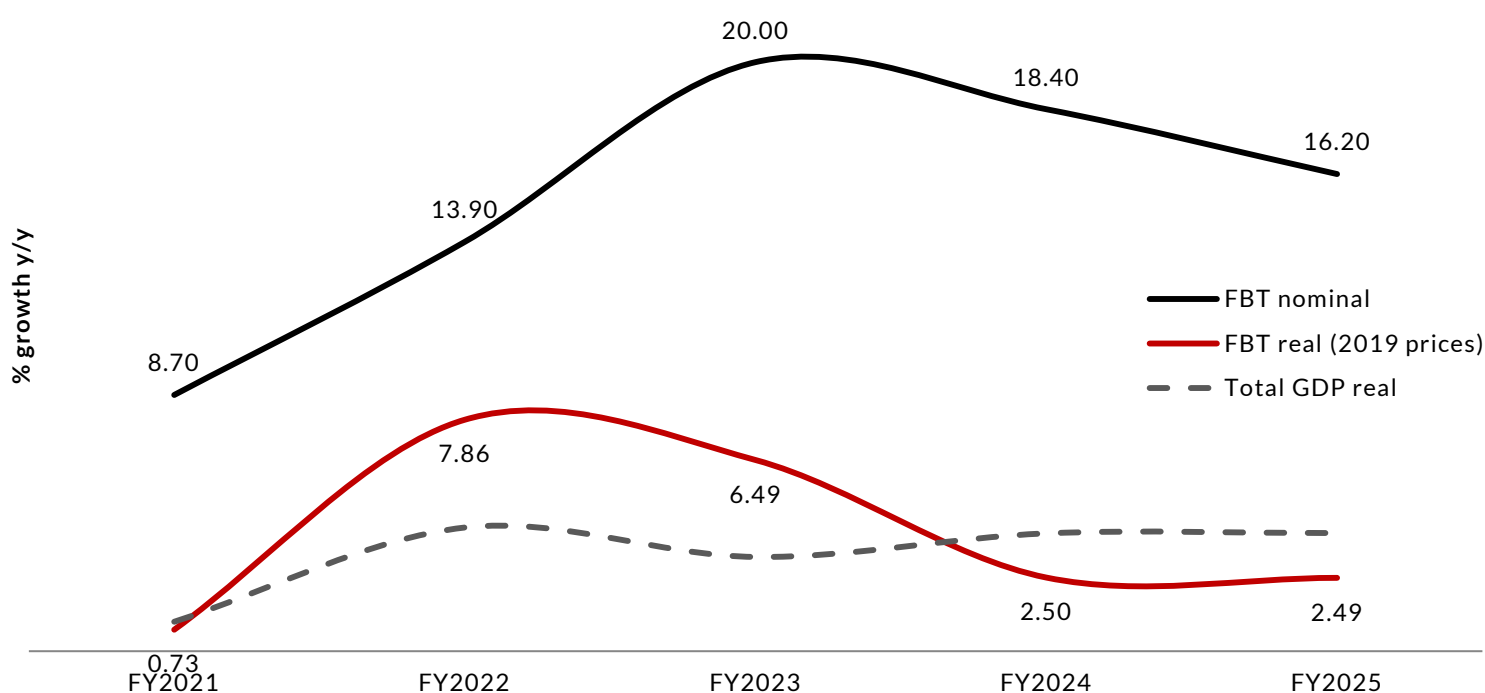
Nominal output rose from N5.78trn to N6.96trn. The half-year performance is almost entirely a second-quarter event. First-quarter output grew at 3.10% y/y over the same quarter of 2025, to N3.64trn against N3.53trn. Second-quarter output grew 47.87% y/y to N3.33trn against N2.25trn. This shows that the first quarter dragged while the second pushed the six-month performance. The quarterly nominal path is erratic enough that the half-year is the only sound unit of comparison.

Total manufacturing grew 20.50% y/y in nominal terms, while FBT grew at a slightly higher rate. The subsector's share of manufacturing was flat at 33.89% against 33.88% in H1 2025. Nominal GDP at market prices grew 18.07%, as highlighted above.

The constant-price comparison gives 3.50% for the subsector and 4.23% for GDP. The wedge between nominal and real is roughly seventeen percentage points for FBT, against roughly fourteen for the economy. The subsector carries more price and less volume than the average sector of the economy. Official quarterly data corroborates the direction: real GDP grew 3.89% in the first quarter and 4.43% in the second.

This sets the test that Sections 2 to 5 apply. The listed companies sell into a sector whose nominal expansion is largely a price effect. Nominal revenue growth below roughly 20% is therefore a loss of real ground before any company-specific factor is considered.

Exhibit 1: Food, beverage and tobacco output: nominal growth against real growth



Industry Trends

Sector revenue (FY2021 to FY2025)

Listed consumer goods revenue grew from N2.14trn in FY2021 to N7.79trn in FY2025, a compound rate of 38.06% over periods, more than double the 17.08% nominal rate of the sector.

FY2024 growth alone was 73.97%, driven by currency and price pass-through on FX-linked costs, against nominal FBT sectoral growth of 18.35%. On segment 4-year compound rates, Foods Industry led at 42.82%, then Food & Beverage at 36.43%, Brewing at 34.88% and Household and Personal Care at 32.42%. All four segments exceeded both the sector (17.08%) and total manufacturing (14.18%) compound rates.

The final year reordered that performance. Household and Personal Care grew 40.28% y/y in FY2025, Brewing 37.97% y/y, Food & Beverage 33.62% y/y, and Foods Industry 25.09% y/y. The segment that led the five years was the slowest in the last year.

Listed revenue growth moderated from 52.47% y/y in FY2021 to 31.66% y/y in FY2025. The sharp growth in FY2021 was partly due to new listings such as BUA Foods in the Food Industry. However, annual growth normalised in the subsequent two years, before returning to abnormal growth in FY2024.

The comparison ratios with the GDP account cannot be termed “market share”. Company revenue is turnover, while sectoral output in the GDP is value added, so the ratio measures relative growth rather than share, and it moves for reasons unconnected to competition, including vertical integration and the fiscal-year mismatch in the annual series. The half-year comparison is clean because both sides are calendar January to June.

The first half of 2026

Revenue grew 9.29% in the first half of 2026 against nominal sectoral growth of 20.54%, so the listed universe lost ground against its own sector for the first time in this series. UAC of Nigeria (UACN) generated 6.62 of those 9.29 percentage points, as the company inorganically grew 230.6% y/y in H1 2026.

Revenue rose from N3.84trn to N4.20trn, a growth of N356.94bn. Food and Beverage grew 42.96% (inflated by UACN), Household and Personal Care grew 17.05% y/y, while Brewing stood at 8.59%. Foods Industry contracted 7.24% y/y, from N1.58trn to N1.47trn. That contraction, not the headline, is the fact that shapes the rest of this section.

UAC's 230.6% is the consolidation of CHI Limited, bought from The Coca-Cola Company for N182.40bn. The parties announced the agreement at the end of July 2025, and the transaction was disclosed to the exchange on 3 October 2025 following competition clearance. CHI consolidated from October 2025, so the comparative half-year contains no CHI revenue data. No CHI revenue is disclosed for H1 2025, so no like-for-like comparison is available.

Table 1: Revenue by company – H1 2026 vs H1 2025

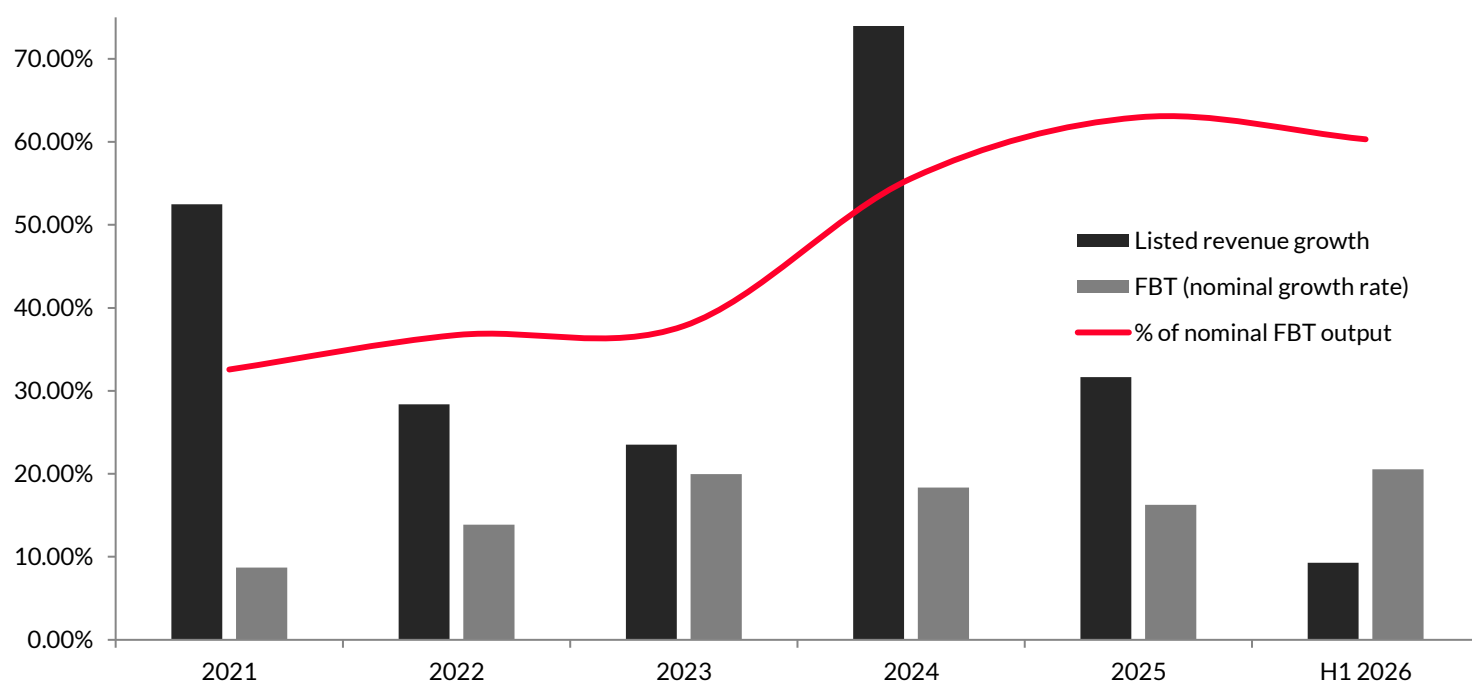
Company (N' bn)	H1 2025	H1 2026	Change	Growth	pp of 9.29
UAC of Nigeria	110.41	364.97	+254.56	+230.6%	+6.62
Nestlé Nigeria	581.12	650.76	+69.64	+12.0%	+1.81
Honeywell Flour	163.93	231.71	+67.77	+41.3%	+1.76
Nigerian Breweries	738.14	803.68	+65.54	+8.9%	+1.71
Guinness Nigeria	237.00	265.04	+28.04	+11.8%	+0.73
Unilever Nigeria	98.10	119.92	+21.82	+22.2%	+0.57
Champion Breweries	15.93	35.73	+19.80	+124.3%	+0.52
Cadbury Nigeria	77.25	83.35	+6.10	+7.9%	+0.16
Vitafoam Nigeria	59.82	64.92	+5.11	+8.5%	+0.13
NASCON Allied	78.16	81.16	+3.00	+3.8%	+0.08
International Breweries	340.99	342.07	+1.08	+0.3%	+0.03
Dangote Sugar Refinery	430.21	391.86	-38.36	-8.9%	-1.00
BUA Foods	912.28	765.12	-147.16	-16.1%	-3.83
Total	3,843.34	4,200.28	+356.94	+9.29%	+9.29

Source(s): Coronation research, Company's financials, and Bloomberg

Champion's 124.3% y/y is similarly inflated by the acquisition of the Bullet beverage brands, announced in August 2025 and completed on 26 February 2026. Neither acquisition can be stripped out, because no disclosed data is available for a separate period in the prior year.

Excluding UAC, revenue grew 2.74% y/y, from N3.73trn to N3.84trn. Additionally, excluding Household and Personal Care, which sits outside food, beverage, and tobacco in the GDP, the comparison is 8.95% against 20.54%, so the gap is not an artefact of segment scope.

Exhibit 2: Nominal FBT growth rate vs. Listed revenue growth



Source(s): NBS, Company's Filings, Bloomberg and Coronation Research
Research | Nigeria | Sector Update | Consumer Goods

Revenue in real terms*

As stated in earlier sections, aggregate revenue grew 9.29% in nominal terms against August 2026 headline inflation of 15.39%, so the topline contracted 5.29% in real terms. Excluding UAC, the contraction was higher at 10.96%.

Headline inflation was 15.39% year on year in August 2026, down from 15.43% in July, on a consumer price index of 146.3. Food inflation eased to 19.57%, down from 20.31% in July and 25.30% a year earlier. Core inflation was 13.29%. The twelve-month average was 16.30%.

Table 2: Revenue growth (nominal and real deflator bases) – H1 2026

Basis	Nominal	Real at 15.39%	Real at 19.57% (food)	Real at 16.30% (average)
Listed universe	+9.29%	-5.29%	-8.60%	-6.03%
Listed, excluding UAC	+2.74%	-10.96%	-14.08%	-11.66%
Sectoral nominal output	+20.54%	+4.46%	+0.81%	+3.65%

Source(s): Coronation Research and Nigeria Bureau of Statistics (NBS).

The deflator holds up against the GDP. Nominal sectoral output of 20.54% deflated by 15.39% gives 4.46%, a gap to the measured real figure of 3.50%. That correspondence supports the method. Two caveats apply. A single August print is being applied to a January to June revenue period. The statistical office rebased the index during the series to a 2023 weight reference and a 2024 price base covering 934 product varieties, so rates before and after the rebasing are not on one footing.

The divergence to commit to is this. Listed real revenue contracted 5.29% while real sectoral output grew 3.50%. The listed universe is likely losing real volume to unlisted and informal supply. The data cannot confirm that, because it contains no volume series and no measure of the unlisted market, and real revenue contraction here is a deflated nominal figure rather than a volume measurement. Any anticipated volume recovery has not reached the topline of listed companies. The statutory minimum wage of N70,000 a month has not changed since the amending Act was signed on 29 July 2024, so nominal wage growth has not offset food inflation running above 20%.

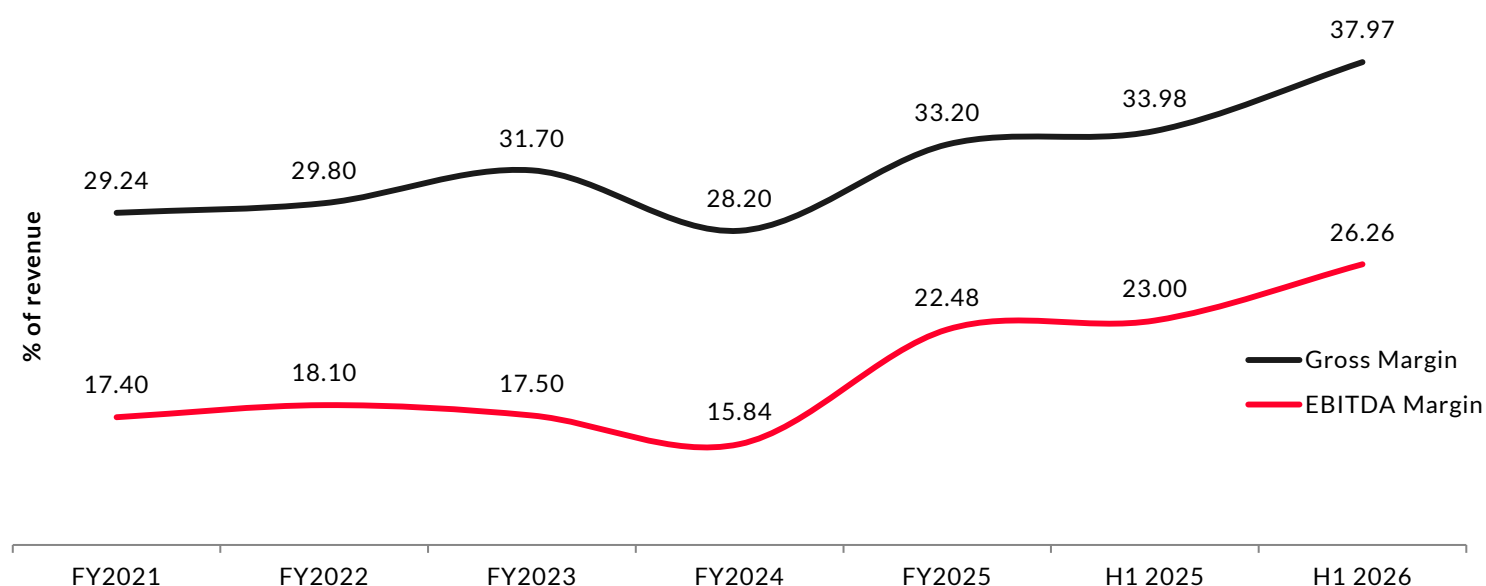
Margins

Sector gross margin reached 37.97% in the first half of 2026 against 33.98% a year earlier, and the FY2025 figure of 33.20% was the highest level in the last five years. Margin, not volume, is where the earnings recovery is happening.

As Exhibit 3 shows, gross margin improved from 29.24% in FY2021 to 33.20% in FY2025, with FY2024 the one break in the trend at 28.20%. By segment in the half-year, Brewing improved to 41.95% from 39.78%, Foods Industry to 35.66% from 27.71%, and Household and Personal Care to 41.58% from 39.32%. Food and Beverage was the only segment to lose margin, at 35.23% against 35.78%.

Foods Industry drove the sector's performance, gaining 7.95 percentage points y/y while its revenue fell. Within the industry, BUA Foods rose from 37.17% to 47.47% in H1 2026 and Dangote Sugar from 12.01% to 23.95% in the same period, in both cases on declining revenue.

Exhibit 3: Sector Gross and EBITDA Margin (FY2021 – FY2025, H1 2025 vs H1 2026)



Source(s): Coronation research, Company's Financials, and Bloomberg.

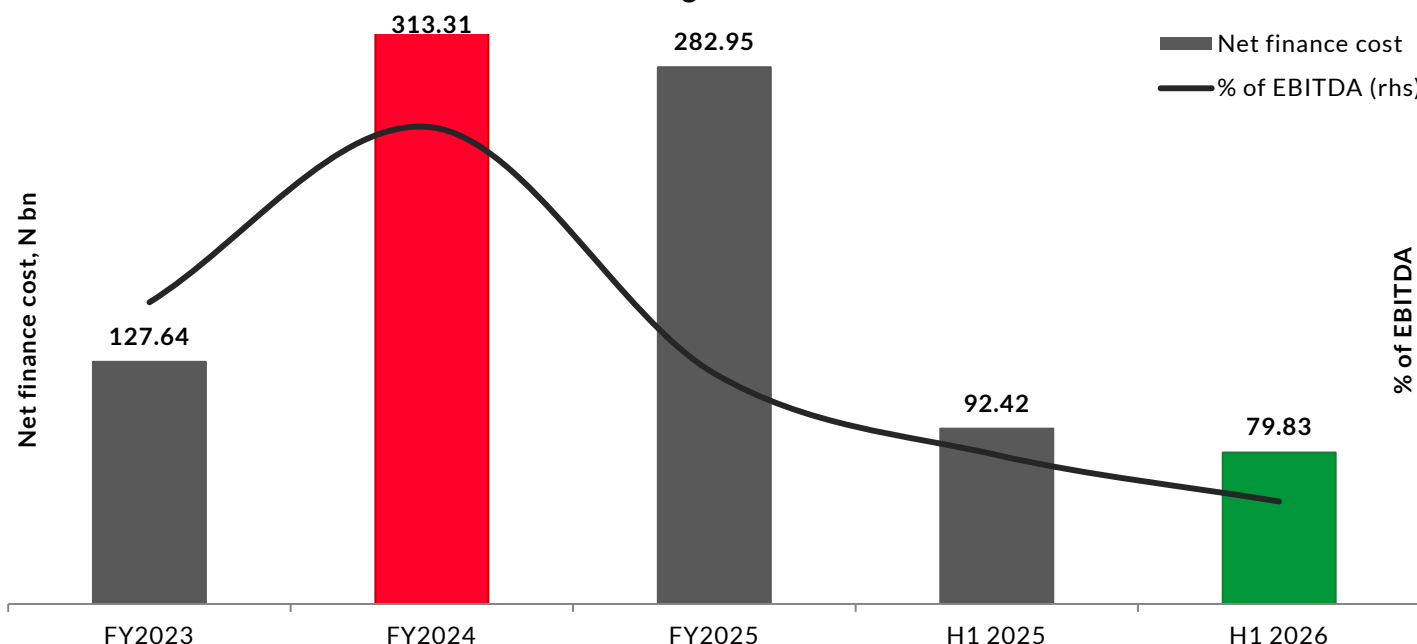
Exhibit 3 also shows EBITDA margin followed, from a low base of 15.84% in FY2024 to 22.48% in FY2025 and 26.26% in the half-year. That series needs a caveat that the gross margin series does not. International Breweries reports operating income on a different basis that appears to include non-operating items, and Vitafoam and NASCON operating income diverge from a rebuild of their components in every year. Excluding those three, the remaining ten companies show an operating margin of 13.65% in FY2021, to 19.47% in FY2025, as well as 23.36% in the half-year against 20.56% in the prior year. The direction survives the exclusions, and any operating or EBITDA margin claim in this report rests on that reduced subset.

Sector-wide cost of sales grew just 2.69% in the half-year against revenue growth of 9.29%, and 22.5% in FY2025 against revenue growth of 31.7%. This signals cost growth is running well behind price and revenue growth. Two Foods companies also shed low-margin volume or shifted mix. Part of the FY2024 to FY2025 jump is also the earlier distortion unwinding rather than real improvement, because the FY2024 base was depressed by the flagged operating income. A restatement of International Breweries onto the sector basis would change the Brewing operating series in every year from FY2019 to FY2024 and remove the largest single distortion here.

Financing conditions

Net finance cost fell from 33.5% of sector EBITDA in FY2024 to 16.2% in FY2025 and 7.2% in the first half of 2026, and the absolute cost fell 13.62% in the half-year as well. The improvement is concentrated in Brewing, while Foods and Food and Beverage got worse.

Absolute net finance cost was N127.64bn in FY2023, N313.31bn in FY2024 and N282.95bn in FY2025. In the half-year, it fell from N92.42bn to N79.83bn. That comparison uses Guinness figures taken from the company's filed interim statement, where finance income for the comparative period was N110.7m on an interest-only basis.

Exhibit 4: Net finance cost fell in absolute terms and against EBITDA

Source(s): Coronation research, Company's Financials, and Bloomberg.

The FY2025 ratio improvement came mostly from the denominator. Absolute cost fell 9.69% that year while EBITDA rose 86.86%. In the half-year, both the absolute cost and the resulting ratio fell, so the recent improvement is real rather than arithmetic (Exhibit 4). Sector EBITDA also grew 24.99% over the same half-year, so the ratio's fall from 10.47% to 7.2% reflects both effects moving the same way — unlike FY2025, where the improvement came mostly from EBITDA growth alone diluting a smaller cost decline.

The segments diverge sharply. Brewing went from 8.9% of segment EBITDA to 0.1%, an absolute fall from N28.48bn to N251m, after Nigerian Breweries repaid all borrowings and reported net cash of N74.63bn at 30 June 2026. Foods Industry sits at 4.7% against 4.4% but carries N969.36bn of borrowings, most of the sector debt, with Dangote Sugar alone at N584.15bn. Food and Beverage is the most burdened at 26.9% of segment EBITDA. Household and Personal Care earns net finance income throughout.

Policy has held steady behind this. The Monetary Policy Rate was cut by 350 basis points to 23% on 22 September 2026, having been held at 26.5% since a 50 basis point cut in February and unchanged at the May and July meetings. Gross external reserves have risen to \$54.61bn by mid-September, still roughly eleven months of import cover. Finance income and cost here exclude currency movements for every company, so this series measures net financing rather than the full cost of financing, and it covers ten of the thirteen companies in both half-years. That is a balance-sheet recovery, not a demand one. It lowers what the sector pays to finance itself, and says nothing about what volume returns.

Capital spending and the balance sheet

Capital spending grew 31.58% in FY2025 to N493.96bn, and in the first half of 2026 underlying spending fell 0.98%. At 6.55% of revenue, it is less than half the 13.59% of FY2021.

The half-year figure needs a three-step build because two distortions run in opposite directions. Figures below are in N bn.

Table 3: Half-year capital spending (three-step build)

Basis	H1 2025	H1 2026	Change
Bloomberg (As reported)	306.28	318.64	+4.04%
Guinness from filed cash flow	278.17	335.39	+20.57%
Less Champion Bullet acquisition	275.48	272.77	-0.98%

Source(s): Coronation research, Company's financials, and Bloomberg

The second step takes Guinness capital spending from the filed cash flow statement, at N16.43bn in the comparative half-year and N16.75bn in the current one, in place of the N44.53bn carried on the as-reported basis. The third removes Champion's N62.62bn against N2.69bn a year earlier, a rise of more than twenty-two times on a company with N35.73bn of revenue. That is the Bullet portfolio acquisition sitting in the additions line, not plant. On the underlying basis, spending ran at 7.20% of revenue in the comparative half-year and 6.55% in the current one, against 8.66% in FY2023 and 13.59% in FY2021. By segment, Household and Personal Care rose 203.7% off a small base of N2.73bn, Foods Industry rose 30.6%, and Food and Beverage fell 43.7%. Brewing reads as a 4.61% decline once Guinness is corrected and the acquisition removed.

The balance sheet improved regardless. Net debt fell from N866.71bn to N649.08bn across the two half-years, and net debt to EBITDA fell from 1.89 times in FY2023 to 0.86 times in FY2025. It is imperative to note two dividend timing checks for both names. Dangote Sugar declared no dividend in both periods, so its improved position reflects balance sheet recovery, not a pre-payout cash pile. BUA Foods paid its FY2025 final dividend of N28.00/share on 15 July 2026, showing that the cash was still in the books as of the measurement date. However, the comparative period shows the same pattern, paid in September 2025, well after H1 2025. For BUA Foods, the comparators hold for the year-on-year review, though should be read with a caveat on an absolute level in either year.

The cash conversion cycle moved from negative 101 days in FY2023 to negative 4 days in FY2025, so the sector funds less of its working capital from suppliers than it did. Whether Champion's N62.62bn is properly plant additions or an intangible recognition under acquisition accounting decides between a 20.57% rise and a 0.98% fall, and this report adopts the underlying basis, treating the amount as acquisition-related rather than plant. Either way, a sector investing to serve returning demand would need to spend more, not hold spending flat while its balance sheet strengthens.

Foods Industry

Foods was the fastest-growing segment over FY2021 to FY2025 at a 42.82% compound rate, and it is the only segment whose revenue fell in the first half of 2026, down 7.24%, because BUA Foods and Dangote Sugar declined by 16.1% and 8.9%, respectively.

SECTOR REPORT

September 2026

Segment revenue rose from N752.20bn in FY2021 to N3.13trn in FY2025, two and a half times the sector's nominal compounded rate of 17.08%. In the half-year, BUA Foods fell to N765.12bn from N912.28bn and Dangote Sugar fell to N391.86bn from N430.21bn. Honeywell grew 41.34% on derived figures, and NASCON grew 3.84%. Gross margin rose to 35.66% from 27.71% while revenue fell.

BUA Foods discloses the drivers in its interim filing, so what follows is measured rather than inferred.

Table 4: BUA Foods revenue & cost of sales (H1 2026 vs H1 2025)

BUA Foods line (N'bn)	H1 2025	H1 2026	Change	Growth
Bakery flour	352.07	257.18	-94.89	-27.0%
Sugar, fortified	303.80	258.00	-45.80	-15.1%
Sugar, non-fortified	93.72	68.40	-25.33	-27.0%
Pasta	96.93	130.57	+33.64	+34.7%
Maize and raw paddy	4.64	0	-4.64	exited
Cost of sales: raw materials	531.31	355.58	-175.72	-33.1%
Cost of sales: energy	29.85	27.72	-2.13	-7.2%

Source(s): Coronation research, Company's financials, and Bloomberg

Raw material cost fell 33.1% against a 16.1% revenue fall, and the mix moved out of bakery flour and non-fortified sugar into pasta while maize and raw paddy were exited altogether. That, not volume recovery, is the ten-point margin gain. One item is a reclassification rather than a genuine cost movement. The N5.41bn management fee now part of the cost of sales in H1 2026 is not new. BUA Foods reported the same fee at N6.46bn in H1 2025, as part of administration expenses. The reclassification understates the cost-of-sales improvement and overstates the fall in administration expenses by roughly the same amount. The segment carries N969.36bn of borrowings, and its net finance cost rose to N166.69bn in FY2025 from N48.53bn. A segment operating margin of 30.85% against 21.65% is not reliable at that precision, because NASCON operating income diverges from a component rebuild every year and Honeywell's derived comparative operating profit is negative. Gross margin is clean; operating margin here is directional. A recovery in BUA Foods volume would move the sector figure, since BUA alone is 18.2% of listed revenue and costs the sector 3.83 points of growth.

Brewing Industry

Brewing grew revenue 8.59% in the first half of 2026, less than half the nominal growth of the sector it sells into, but it eliminated its financing burden. Net finance cost fell to N251m, one-tenth of one percent of segment EBITDA, from 8.9% in the comparative half-year and 108.4% in FY2024.

Segment revenue rose from N789.56bn in FY2021 to N2.61trn in FY2025, a 34.88% compound rate, with FY2025 growth of 37.97%. In the half-year, Nigerian Breweries grew 8.88% and holds 55.6% of segment revenue, Guinness 11.83%, International Breweries 0.32%, and Champion 124.25%. International Breweries, at 23.7% of the segment, grew 0.32% against a segment growing 8.59%, which is a share loss.

Gross margin of 41.95% against 39.78% is the highest of the four segments, and FY2025 at 35.92% against 29.12% was a sharp recovery. Segment net debt swung to net cash of N241.14bn from net debt of N73.00bn a year earlier.

Champion is now a different kind of company. The Bullet portfolio was completed on 26 February 2026, held through an 80% interest in a Netherlands entity and consolidated from the date of control with a 20% minority interest, funded by a N16.00bn rights issue in December 2025 and a N42.00bn public offer in January 2026.

This is Champion's first consolidated set of accounts. First-quarter group revenue was N14.36bn against N8.48bn, which implies second-quarter growth near 187% on four months of the acquired business. Champion is 2.5% of segment revenue, so the revenue call is unaffected, but the segment capital spending line is unusable without the adjustment in Section 2.6.

Operating and EBITDA margin cannot be stated for this segment on all four companies, given the International Breweries basis problem and a sign correction applied to Guinness operating profit for FY2021 to FY2024. Margin claims beyond gross margin rest on Guinness, Nigerian Breweries and Champion. The excise schedule is the forward pressure to watch, and it has not yet arrived: the N72 per litre 2026 rate on beer, stout and other alcoholic beverages, rising to N76 in 2027 and N80 in 2028, takes effect 1 July 2026, the day after H1 closes. Brewing's reported H1 gross margin of 41.95% is therefore pre-excite; H2 2026 is the first period that will carry the new cost against the sector's highest gross margin.

Foods & Beverage Industry

Food and Beverage grew 42.96% in the first half of 2026, the fastest of the four segments, and effectively all of it was the CHI acquisition. Nestlé grew 12.0% and Cadbury 7.9%, both well below nominal sectoral growth of 20.54%.

Segment revenue rose from N495.57bn in FY2021 to N1.72trn in FY2025 at a 36.43% compound rate. In the half-year, UAC went to N364.97bn from N110.41bn, moving from 14.4% of the segment to 33.2%. Excluding UAC, the two remaining companies grew 11.50%, from N658.37bn to N734.11bn. That is a two-company computation rather than a like-for-like segment rate and should be read as such.

This was the only segment to lose gross margin, at 35.23% against 35.78%, with operating margin at 18.39% against 20.72%. UAC's own gross margin of 28.65% is dilutive to the segment. Net finance cost rose 25.1% to N63.54bn, the heaviest of the four segments at 26.9% of segment EBITDA, as UAC total borrowings went to N307.04bn from N43.35bn to fund the transaction. Capital spending fell 43.7%.

Stripped of the UAC acquisition, the segment's organic growth of 11.50% is a fairer read of underlying demand than the reported 42.96%.

Household & Personal Care Industry

Household and Personal Care posted the highest FY2025 revenue growth of the four segments at 40.28% and the highest gross margin at 40.06%, and it is the only segment that earns net finance income rather than paying net finance cost.

Segment revenue rose from N105.93bn in FY2021 to N325.68bn in FY2025, a 32.42% compound rate, the lowest of the four segments alongside the highest single-year growth. In the half-year, revenue grew 17.05% to N184.84bn, with Unilever up 22.24% and Vitafoam 8.54%. The segment is 4.4% of listed revenue.

SECTOR REPORT

September 2026

Gross margin reached 41.58% against 39.32%, and FY2025 at 40.06% against 32.13% in FY2021 is the largest multi-year gross margin gain of any segment. Net finance income was N5.49bn in the half-year against N2.15bn, with segment net cash of N106.34bn.

Operating margin cannot be relied on here. Vitafoam's reported operating income does not match a bottom-up rebuild from its own revenue and cost lines in every year of the series, and Vitafoam is 35.1% of segment revenue, so with only two companies there is no usable subset. The segment also excludes most of its actual competition, which is unlisted or imported, and one listed peer is outside the universe on accounting-date grounds. A segment call on two companies is fragile by construction. That caveat is about operating margin specifically. Net finance income and net cash sit outside that problem and still support the growth read.

PESTLE

Political

Fiscal policy has moved from collection towards consumption taxation, and the excise schedule now taking effect lands on the segment with the sector's highest gross margin. The Nigeria Tax Act 2025 was signed in June 2025 and took effect on 1 January 2026, and the 2026 fiscal policy measures set three-year excise schedules for alcohol, tobacco, and non-alcoholic drinks. Brewing gross margin of 41.95% and Food and Beverage of 35.23% are the bases these costs are set against.

The clearest fiscal signal is where the excise lands: on the segment already carrying the sector's highest gross margin, not on the ones under revenue pressure.

Economic

Disinflation and a restrictive policy rate have improved the sector's financing position faster than its topline. Headline inflation fell to 15.39% in August from 15.43% in July, extending a third straight month of disinflation. The Monetary Policy Committee cut the policy rate by 350 basis points to 23% on 22 September 2026, its first move since the February cut, and gross external reserves have risen to \$54.61bn. Against that, net finance cost fell to 7.2% of EBITDA from 33.5% in FY2024, while revenue grew 9.29%. The balance sheet has recovered, and the consumer has not.

Social

Nominal income growth has separated from purchasing power. The statutory minimum wage has been N70,000 a month since the amending Act of July 2024, with the review cycle shortened to three years and the next statutory review due in 2027; the government signalled an early review in June 2026 without announcing a figure, and organised labour is asking for N154,000. The World Bank puts poverty at 63% of the population in 2025, about 140 million people, up from 56% in 2023. Foods gross margin of 35.66% on revenue, down 7.24%, is the pattern a pack-size and mix shift produces. Pack-size reduction itself is not measurable in this data, which carries no unit or volume figures, and any such claim belongs to company commentary rather than to the financials. Whatever the mechanism, real income has not kept pace with real prices, and that gap, not company strategy, is doing most of the work in the topline numbers.

Technological

Captive power and automation spending is visible in the aggregate but cannot be separated from ordinary maintenance and capacity work. Capital spending ran at 6.55% of revenue in the half-year against 13.59% in FY2021, and Household and Personal Care spending rose 203.7% off a small base. The additions line in this data is plant, property and equipment in aggregate, so attributing any part of it to energy or automation investment would require the fixed-asset notes of each filing. Absent those, this remains an observation rather than a finding. What the data does show is that spending has not risen to match the balance sheet's new strength, consistent with a sector not yet committing capital to a change in demand.

Legal and regulatory

The 2026 excise schedule is the binding change. Cigarettes carry a 30% ad valorem rate plus N6 per stick in 2026, rising to N7 and N8 in the two following years. Spirits carry 30% plus N75 per litre and wines 25% plus N70. Non-alcoholic drinks, including fruit juice, energy drinks and sugar-sweetened beverages carry N10 per litre through 2028, though the Senate approved in June 2026 replacing that flat rate with a levy tied to retail price, at a rate the finance minister will set. The effective date as gazetted is confirmed as 1 July. This date is critical for the brewing industry because it falls the day after H1 2026 closes. As a result, the reported H1 gross margin remains unaffected by the new excise duty, while the full financial impact will land in H2. Separately, the Competition and Consumer Protection Commission directed manufacturers, importers and distributors on 19 August 2026 to withdraw improperly labelled consumer goods, working with the standards organisation and the food and drug agency, and warned in July that non-compliance on price display and refunds could bring premises closure. That directive reaches all four segments. Brewing and Food and Beverage carry the excise's multi-year cost; the labelling directive's nearer deadline reaches every segment regardless of margin.

Environmental

Packaging regulation has become a dated obligation with a defined cost date. The plastic waste control regulations of 2026 require a minimum 25% recycled content in relevant products from 1 January 2028, rising to 50% from 1 January 2030, and the recycled material used for compliance must be sourced locally from certified food-grade producers. The much-discussed 80-micron threshold sits in Regulation 26 and applies to certain plastic carrier bags made from film, not to packaging generally; the agency confirmed this in June 2026 while refusing manufacturers' calls for suspension. Food and Beverage capital spending of N34.95bn is the base this reformulation obligation is set against. Grid supply is the other pressure. Electricity, gas, steam and air conditioning output contracted 15.30% in real terms in the first quarter of 2026 and 10.63% in the second, a second consecutive quarterly decline against an economy growing 3.89% and 4.43%. Manufacturers reliant on self-generation carry that cost directly.

Competitive Structure

Rivalry, buyer power, supplier power, and barriers to entry are assessed from market structure, brand strength, distribution reach, input dependence, capital intensity, and observed company behaviour in Section 2. The threat of substitution is not scored, because the data carries no cross-category volume or pricing. Scores are directional rather than any formal index.

Foods Industry

Rivalry is low to moderate. BUA Foods and Dangote Sugar together are 78.7% of segment revenue, and both lost revenue while gaining gross margin, which is not how firms competing on price behave. Supplier power fell: raw material cost dropped 33.1% against a 16.1% revenue fall. Barriers are high, with N969.36bn of segment borrowings funding capacity. Buyer power is moderate and rising, as the revenue decline suggests customers traded down or out. Together, that is a segment with room to raise prices and little pressure to compete on volume, which is exactly what its revenue and margin numbers already show.

Brewing Industry

Rivalry is moderate within a concentrated structure. Nigerian Breweries holds 55.6% and International Breweries 23.7%, and the latter grew 0.32% against a segment growing 8.59%. Barriers are the highest in the sector: Brewing took 53.2% of all listed capital spending on 34.4% of revenue in the half-year. Buyer power is contained, evidenced by the sector's best gross margin at 41.95%, and the excise schedule now tests how far that pricing power extends.

Foods and Beverage Industry

Rivalry is consolidating rather than intensifying. UAC moved from 14.4% to 33.2% of the segment by acquisition, not by competition. Buyer power shows in the numbers: this was the only segment to lose gross margin. Supplier and financing pressure is the highest of the four, with net finance cost at 26.9% of segment EBITDA, which constrains pricing flexibility. That combination, competitive position gained by acquisition, margin lost, and financing pressure at its highest, is the weakest structural read of the four segments, not the strongest.

Household & Personal Care Industry

Rivalry cannot be scored properly. Two listed companies, Unilever at 64.9% and Vitafoam at 35.1%, make up a segment that is 4.4% of listed revenue, and most actual competition is unlisted or imported. Buyer power appears low, with gross margin at 41.58% and rising and net cash of N106.34bn, so nothing forces price concession. The limitation is inherent to the score rather than an adjustment to it. What can be said is that neither company faces pressure to concede price, and the segment's margin and cash position both confirm it.

Industry Cycle Position

Framework and indicators

A conventional cycle framework reads volumes, inventories, pricing, margins, capacity utilisation, capital spending and credit. Inflation and currency distortion of nominal revenue mean the framework here must weight real revenue direction, margin conversion, finance-cost trajectory and inventory behaviour, because volume is rarely disclosed at the granularity of revenue and profit in Nigerian interim filings.

Eight indicators carry the assessment: revenue growth against inflation; gross margin; net finance cost against EBITDA; inventory days; the cash conversion cycle; capital spending against revenue; volume commentary from company filings; and private-sector credit growth. Capacity utilisation appears in the conventional framework and exists for no company in this data, so it is not used.

Phase call by segment

Three of the four segments sit in recovery on margin and financing indicators while sitting in downturn on real revenue. That contradiction is the sector's position, and it should be called rather than resolved.

Foods and Beverage

Three of the four segments sit in recovery on margin and financing indicators while sitting in downturn on real revenue. That contradiction is the sector's position, and it should be called rather than resolved.

Brewing is in recovery. Gross margin of 41.95%, net finance cost at one-tenth of one percent of EBITDA, segment net cash of N241.14bn. Real revenue is negative. The financing recovery is complete, and the volume recovery has not started.

Foods Industry is in a downturn in revenue and a recovery in margin. Revenue fell 7.24% while gross margin gained 7.95 points, and the segment carries N969.36bn of borrowings. It is the only segment where the two signals point to different phases with equal conviction.

Food and Beverage is not callable on a clean basis. Reported growth of 42.96% is inorganic; the two-company residual grew 11.50%, and gross margin fell. A phase call on a segment reshaped by acquisition mid-period would be a guess.

Household and Personal Care reads as early expansion on the indicators available: gross margin of 41.58%, net finance income, capital spending up 203.7% off a small base. On two companies, the call is fragile.

Risks and asymmetries

The margin recovery is partly the FY2023 and FY2024 distortion unwinding rather than only real improvement, because the FY2024 EBITDA margin of 15.84% was depressed by flagged operating income. The FY2025 net finance cost ratio improved mainly through the denominator, as absolute cost fell 9.69% while EBITDA rose 86.86%, so a slowdown in EBITDA would reverse the ratio with no change in financing conditions. And sector growth is concentrated in one acquisition with no comparative period at all.

Synthesis and Outlook

The recovery to date is a balance-sheet story, not a demand one. Net finance cost has fallen to 7.2% of EBITDA and gross margin has risen to 37.97%, both the best levels this series has recorded. The ex-UAC universe grew 2.74% in nominal terms but contracted 10.96% in real terms, and capital spending fell 0.98% once distortions are removed. That combination has a ceiling: margin and financing cost cannot compound the way volume can, and the sector's own investment behaviour shows no sign it expects volume to return. Competitive advantage will likely shift to the operators that choose to invest early in volume and market share, as financing conditions remain favourable, not to those waiting for a shift in the sector cycle. What follows sets out where that shift is already visible by segment, where the tension between nominal and real performance is sharpest, and what the recovery would need to broaden.

Consolidated findings

The most defensive segment over FY2021 to FY2025 was Foods Industry, whose 42.82% revenue compound rate was nearly three times total manufacturing's 14.18%, and it is the segment whose revenue fell in the first half of 2026. Defensiveness measured on a five-year nominal rate did not survive one half-year.

All four segments beat both macro benchmarks over the period: Foods at 42.82%, Food & Beverage at 36.43%, Brewing at 34.88% and Household & Personal Care at 32.42%, against total manufacturing at 14.18% and the sector at 17.08%. Financing conditions improved materially, with net finance cost at 16.2% of EBITDA in FY2025 against 33.5% a year earlier and 7.2% in the half-year. No sector currency gain or loss figure exists, because most of the universe does not disclose it, so net finance cost is the measure this report uses to describe currency pass-through and financing conditions.

The stagnant minimum wage sits behind the topline rather than behind the margin. Nominal wages have not moved since July 2024 while food inflation ran above 20% through July 2026 before easing to 19.57% in August, which is why real revenue contracted even as margins expanded.

For nominal growth to become real growth, two things have to happen. Food inflation has to fall towards the headline rate rather than run roughly five points above it, and volume has to appear in the topline rather than in margin. Of the two indicators to watch first, food inflation is the one that moves monthly and is measured; volume is the one that matters and is not.

Sector Opportunities

For the two leveraged segments, the debt structure comes first. Foods carries N969.36bn of borrowings, most of the sector's, and Food and Beverage services debt at 26.9% of segment EBITDA, alongside a 43.7% fall in its capital spending. Both approach lenders from a better position than in FY2024: Foods margins have gained nearly eight points, and sector net debt to EBITDA is 0.86 times. Addressing this while that holds is what makes the opportunities below available to them later. Attempting those first, at current rates, does not.

Household and Personal Care is served substantially by imports and unlisted producers. The segment holds the highest margin and net finance income throughout the series on two listed companies that describe

what is disclosed, not what is sold. Competing against landed cost, with currency stability now working in a local producer's favour, is a more tractable contest than displacing an entrenched domestic incumbent. Neither the import volume nor the unlisted market appears in this data, so the prize cannot be sized here.

The regulatory timeline for excise duties, packaging, and recycled materials. Reformulating packaging is a known engineering cost; securing certified local food-grade recycled material before the January 2028 threshold is a supply problem every affected manufacturer faces in the same window. Contracting that supply now means buying into a market before it tightens. Rebalancing mix toward lower-excise categories is not the hedge it appears: the non-alcoholic rate the Senate approved in June 2026 is still to be set by the finance minister.

Funding capacity is open, but only where the cash already sits. Two acquisitions in twelve months show what the market supports, and both buyers levered up or raised through the equity market. The real change is the currency: exchange-rate normalisation now lets cross-border pricing hold between announcement and completion, which is what allows a multinational to sell. Brewing, on N241.14bn of net cash, and Household and Personal Care, on N106.34bn, can move ahead of demand at a cost of capital they control. Foods and Food and Beverage cannot, and for them early investment competes with the interest bill it would add to.

Where to remain cautious

Food and Beverage does not support added exposure or leverage. Section 4 reads it as the weakest structural position of the four segments, and Section 5 declines to place it in the cycle at all; reported growth of 42.96% against 11.50% organic is the distance between the headline and the business underneath. Foods' capacity expansion is a bet against every operator in the data, including those with the strongest balance sheets, given a topline down 7.24% and a sector holding capital spending flat. And no case should be built on nominal growth: real revenue contracted 5.29%, and 10.96% excluding UAC. Related, the FY2025 improvement in debt-servicing cover came from earnings recovering rather than debt getting cheaper, and reverses on an earnings slowdown with no change in financing conditions — as flagged in 2.5. The half-year improvement is better founded, since cost and ratio fell together.

The central tension

The nominal and real bases now point in opposite directions. In the first half of 2026, food, beverage and tobacco sub-manufacturing grew 20.54% nominal against nominal GDP of 18.07%, and 3.50% real against real GDP of 4.23%. The argument rests on the real reading, and the divergence is itself the finding.

The claim that this sector grows faster than the broader economy holds on some bases and fails on others.

Table 5: Sector growth against total GDP

Basis	Sector	Total GDP	Verdict
FY2021 to FY2025 (Nominal)	17.08%	16.07%	Sector ahead
FY2021 to FY2025, (Real)	4.81%	3.93%	Sector ahead
FY2025 growth (Nominal)	16.25%	18.43%	Sector behind
FY2025 growth (Real)	2.49%	4.01%	Sector behind
H1 2026 growth (Nominal)	20.54%	18.07%	Sector ahead
H1 2026 growth (Real)	3.50%	4.23%	Sector behind

Source(s): NBS, Coronation Research

The multi-year compound rates support the claim. The two most recent periods do not. In the current half-year, the answer depends entirely on which base is used. Nominal output is expanding faster than the economy because prices in this sector are rising faster, not because volume is. That is the tension between macro stabilisation and household affordability, stated as a measurement rather than as a theme.

The stabilisation is real. Inflation has fallen for two consecutive months, the policy rate has held since February, and reserves stand at \$54.61bn with roughly eleven months of import cover. The household side has not followed. Poverty rose to 63% in 2025 from 56% in 2023 on World Bank estimates, and the minimum wage has not moved since July 2024. So companies report a gross margin of 37.97% while the topline contracts 5.32% in real terms. The excise schedule through 2026 to 2028 adds a dated cost to Brewing and part of Food and Beverage on top of that. The gap between the two is the central finding of the report: a sector economy stabilising faster than the households it sells to.

Risks and watch items

- UAC comparative restatement. A like-for-like or pro-forma comparative would move sector half-year growth from 9.29% by roughly six points.
- BUA Foods volume. At 18.2% of listed revenue, BUA cost the sector 3.83 points of growth, with bakery flour alone down N94.89bn.
- Net finance cost. It fell 13.62% in the half-year, but the FY2025 ratio gain came from the denominator, and slower EBITDA reverses it.
- Excise on alcohol from 2026 at N72 per litre rising to N80 by 2028, against Brewing gross margin of 41.95%.
- Recycled content mandate dates of January 2028 and January 2030, against Food and Beverage and Brewing capital spending.
- Grid supply. Electricity output has contracted for two consecutive quarters, at 15.30% and 10.63% in real terms.

Disclaimer & Disclosures

The analyst(s) and/or Head of Research has (have) produced this report independently of the company or companies, and independently of the issuer of security or securities, covered in this report, and (has) have done so using publicly available information. Information used in the preparation of this report is believed to be accurate at the time of going to press, though not verified independently. No liability is accepted for errors nor omissions of fact, nor is any warranty given for the reasonableness, accuracy or completeness of the information presented. Market information may have been gathered from different sources, including official and government sources, and processed in arriving at the opinion(s) expressed in this report.

This report is intended as background information for clients of Coronation Merchant Bank, and clients of its subsidiaries and affiliates, and is not to be read as a solicitation, approval or advice to buy or sell securities.

Neither Coronation Merchant Bank, its directors, employees and contractors, nor its subsidiaries and affiliates, nor the directors, employees and contractors of its subsidiaries and affiliates, accept(s) responsibility for losses or opportunity costs, whether direct or consequential, that may be incurred as a result of trading, or not trading, in securities covered in this report, or other securities, as a result of any decision taken after reading this report. Clients of Coronation Merchant Bank, and of its subsidiaries and affiliates, who read this report, should not rely on it for the purposes of making investment decisions and should make their own evaluation of: the potential performance of securities; the risks involved in buying or selling securities; the volatility and liquidity of securities; and of other factors such as interest rates, exchange rates, exchange rate liquidity, trading costs, settlement and custody. Clients of Coronation Merchant Bank, and of its subsidiaries and affiliates, who read this report, should assess their own investment objectives and financial capacities when taking investment decisions and should consult a relevant financial adviser in these respects.

This report is intended for the clients of Coronation Merchant Bank, and of its subsidiaries and affiliates. Copying and reproduction of this report, and onward forwarding, is only allowed with the specific permission of Coronation Merchant Bank, its subsidiaries and affiliates. Receipt of this report does not qualify you as a client of Coronation Merchant Bank, its subsidiaries and affiliates. If you are in unauthorised receipt of this report you are requested to notify Coronation Merchant Bank, or one of its subsidiaries or affiliates, and to return or delete the report.

This report is intended for corporate and institutional clients of Coronation Merchant Bank, and of its subsidiaries and affiliates, where those clients are regulated and professional investment customers and market counterparties. This report is not intended for individual investors.

This report is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulations.

Coronation Research is a department within Coronation Merchant Bank which supplies research services to Coronation Merchant Bank, and is ring-fenced with regard to the activities of Coronation Merchant Bank. The Head of Research, contractors and employees of Coronation Research do not receive any non-public information regarding the investments or investment objectives of Coronation Merchant Bank and do not take part in its internal meetings.

Coronation Merchant Bank and its subsidiaries are incorporated under the laws of the Federal Government of Nigeria and are licensed by the Central Bank of Nigeria and by the Securities and Exchange Commission of Nigeria.

Your attention is brought to the fact that the analyst(s), and/or Head of Research, mentioned at the beginning of this report is (are) employed by Coronation Merchant Bank in the Federal Republic of Nigeria, and while subject to the laws of the Federal Republic of Nigeria is (are) not subject, as author(s) of this report, to the laws of other countries, notably the United States of America ('US'), the member states of the European Union ('EU'), or the United Kingdom ('UK', during and after its membership of the EU) as these laws may affect the production, publication and distribution of this report.

Your attention is brought to the fact that the analyst(s), and/or Head of Research, mentioned at the beginning of this report, is (are) not registered or qualified as research analysts with the Financial Industry Regulatory Authority in the US, nor registered with the Financial Conduct Authority of the United Kingdom. No liability for compliance with those laws, with respect to this report, is accepted by Coronation Merchant Bank, its directors, staff and contractors, or those of its subsidiaries and affiliates.

Where this report is distributed to clients and potential clients of Coronation Merchant Bank, and of its clients and affiliates, in the European Union ('EU'), including the United Kingdom ('UK'), during and after its membership of the EU, this report is either: a) distributed by virtue of a contract between Coronation Merchant Bank, its subsidiaries and affiliates, and the client for research services, or: b) distributed as a free sample, for a given period of time, pursuant to a future contract for the sale of research services.

The opinions expressed in this report concerning the company(ies) and securities covered, accurately represent the personal views of the analyst(s) and Head of Research whose names are given at the beginning of the report. No part of the compensation of the analyst(s) and Head of Research mentioned at the beginning of this report is, or will be, related to the views or recommendations(s) given in this report.

Conflicts of Interest

The compensation of the analyst(s), and/or Head of Research, mentioned at the beginning of this report is not linked to the recommendations, forecasts, estimates or opinions expressed in this report, nor to commissions or spreads or other gains generated in trading securities, whether covered in this report or not.

This report is produced by the Research Department of Coronation Merchant Bank and may be used, after its publication, by other departments of Coronation Merchant Bank for advisory or trading purposes, or otherwise for the assessment of companies and securities. However, it is the policy of Coronation Merchant Bank that no department influences the opinions, estimates, forecasts or recommendations of the Research Department, nor is privy to the contents or recommendations of the Research Department's reports and recommendations ahead of their publication. It is also the policy of Coronation Merchant Bank that members of the Research Department are not privy to knowledge of advisory mandates, or other fiduciary relationships, engaged in by other departments. Coronation Merchant Bank, its directors, contractors and staff, and its subsidiaries and affiliates and their directors, contractors and staff, and connected parties, may have positions in the securities covered by this report, and may have advisory and/or other fiduciary relationships with companies covered in this report. As such, this report should not be considered free from bias.

