

Nestlé Nigeria's profit rose 43%. Its business grew 8%.

The gap between those two numbers is the naira. A ₦32.1bn currency gain did more for Nestlé's half-year than any amount of Milo or Maggi — and then tax took nearly half of what was left.

Two ways of measuring the same half year

Profit before tax, against the same half last year



Operating profit — what the business earned



Operating profit went from ₦130.4bn to ₦141.4bn. Pre-tax profit went from ₦88.4bn to ₦126.8bn. The difference sits below the operating line, in the finance section — and almost all of it is currency.

How does Nestlé Nigeria actually make money?

It manufactures, markets and distributes food and drink across Nigeria through two business units. Food — Maggi, Cerelac, Golden Morn, Nan — brought in ₦406.3bn this half. Beverages — Milo, Nescafé, Nestlé Pure Life — brought in ₦244.5bn. Exports are 1.5% of the total.

Two facts shape the numbers. Société des Produits Nestlé S.A. of Switzerland owns 70.81%, and the company is financed mainly by loans from inside its own group rather than by Nigerian banks. That is why the exchange rate moves its reported profit so violently.

THE BIG NUMBER

48.9%

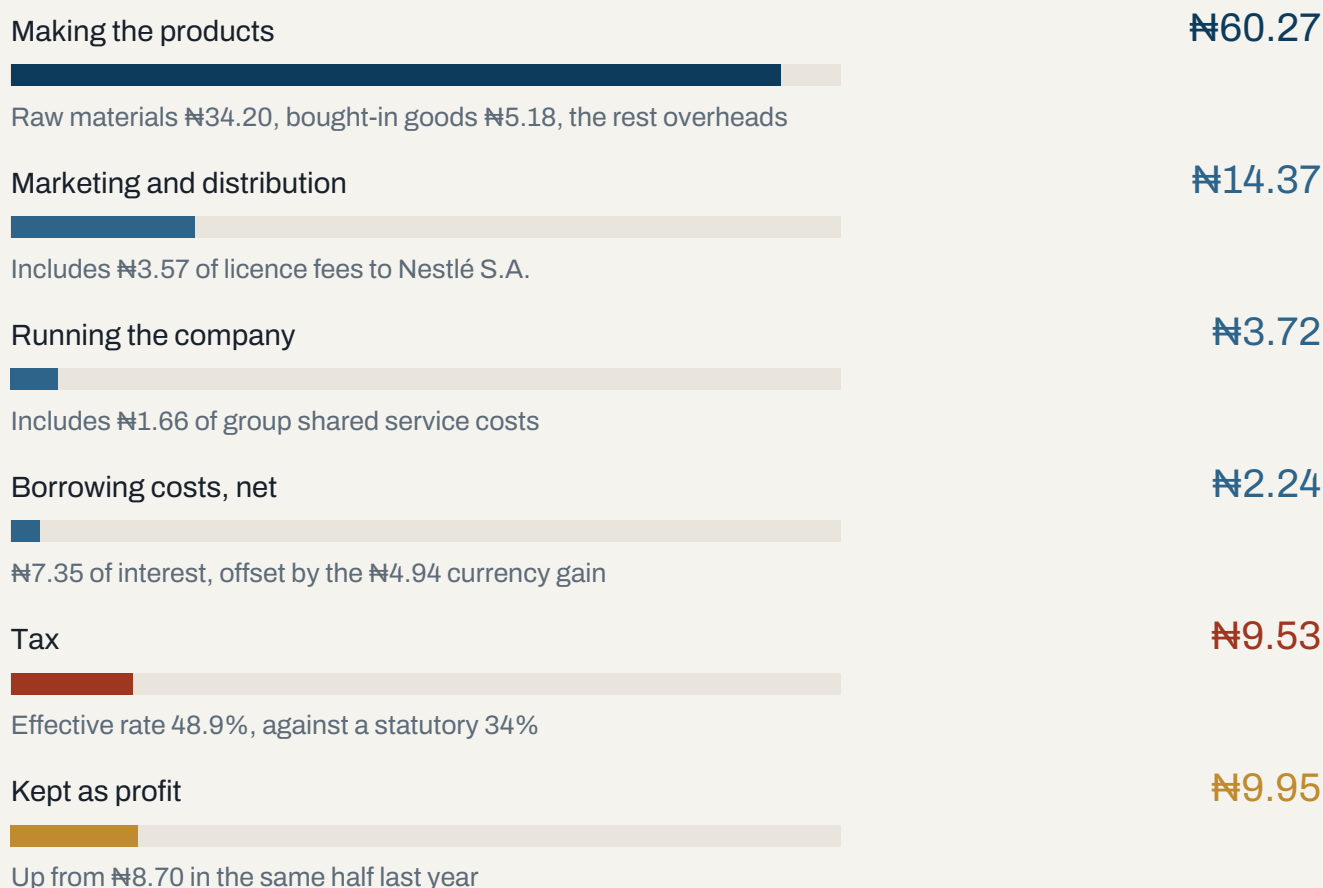
Share of pre-tax profit taken by tax. The statutory rate is 34%.

The half year in six numbers

Revenue	₦650.8bn	up 12.0% on H1 2025
Operating profit	₦141.4bn	up just 8.4%
Currency gain	₦32.1bn	25.4% of pre-tax profit
Profit after tax	₦64.8bn	up 28.1%
Shareholders' equity	₦77.6bn	from ₦12.9bn in December
Cash at bank	₦575m	from ₦30.4bn in December

Where did every ₦100 of revenue go?

The whole income statement, rescaled so revenue equals ₦100. Tax takes almost as much as shareholders keep.



Derived from the statement of profit or loss, page 14, and cost notes, pages 22–23. Bars scaled to ₦65. ₦0.10 of other income is not shown as a row.

WHAT TO NOTICE

Marketing and distribution costs rose 27% while revenue rose 12%. Consumer promotions alone went from ₦18.9bn to ₦29.7bn. That is the main reason operating profit grew only 8%.

What changed since last year?

The hole in the balance sheet is nearly closed

At the start of 2025 equity was negative ₦92.3bn — the company owed more than it owned. At 30 June 2026 it was positive ₦77.6bn, up from ₦12.9bn in December. Accumulated losses fell from ₦112.8bn to ₦48.0bn.

The bank account is nearly empty

Cash at bank fell from ₦30.4bn to ₦575m. Including treasury bills, cash and deposits are ₦5.6bn against ₦35.4bn in December. The money went into import deposits, up from ₦2.5bn to ₦52.8bn, and into ₦54.5bn of interest payments.

Cash from operations fell by more than two-thirds

Operating cash was ₦58.0bn against ₦187.6bn a year earlier. Trading is healthier, but ₦46.1bn went into prepayments, ₦29.8bn into settling supplier balances, and tax payments almost doubled to ₦50.5bn.

The tax rate rose again

Tax took 48.9% of pre-tax profit, up from 42.8%. The filing names the statutory rate as 30% company income tax plus a 4% development levy under the Nigeria Tax Act 2025, effective 1 January 2026. It does not explain the gap to 48.9%.

WHAT CAUGHT OUR ATTENTION

Of ₦54.5bn of interest paid, ₦53.5bn went on an intercompany loan and under ₦1bn to Nigerian banks. Add ₦23.2bn of licence fees and ₦10.8bn of shared service costs and about ₦87.6bn went to the group in six months — all disclosed, and normal for a multinational subsidiary.

The Scorecard

Each label comes from a fixed rule applied the same way to every company we cover. We publish no single score out of 100, because these categories do not trade off against each other in any honest way.

Sales growth Revenue up 12.0% to ₦650.8bn, with both segments growing	Strong
Making money on each sale Gross margin 39.7%, up from 38.7%	Strong
Cost discipline Marketing and distribution up 27.0% against revenue up 12.0%	Watch
Cash generation ₦58.0bn from operations, down from ₦187.6bn	Watch
Balance sheet Equity restored to ₦77.6bn; accumulated losses down to ₦48.0bn	Strong
Return to shareholders No dividend declared, against ₦91.0bn a year earlier	Watch
Tax burden Effective rate 48.9%, up from 42.8%	Watch
Input cost exposure Raw materials and bought-in goods took ₦39.38 of every ₦100	Steady

HOW TO READ THIS

Strong means the measure improved materially against the same period last year. Steady means it held. Watch means it moved against shareholders, or moved without explanation. The eighth category is sector-specific; for consumer goods we use input cost exposure.

Finance speak, human speak

Five phrases from this filing, in plain words.

Operating profit

What a company earns from its actual trade, before interest, currency movements and tax. It is the cleanest measure of whether the business itself is growing. Nestlé Nigeria's rose 8%, while its reported pre-tax profit rose 43%.

Exchange difference on translation

When a company owes money in a foreign currency, the naira value of that debt changes as the rate moves. The change is recorded as a gain or loss even though no money is paid or received. Nestlé Nigeria booked a ₦32.1bn gain this half.

Effective tax rate

The share of pre-tax profit that actually goes to tax once non-deductible costs are counted. Here it is 48.9% against a statutory 34%, because some expenses cannot be deducted — the filing does not say which.

Accumulated losses

Past losses that have not yet been earned back. They sit in equity as a negative and must be cleared before dividends can normally be paid. Nestlé Nigeria's stand at ₦48.0bn, down from ₦243.2bn at the start of 2025.

Related-party transactions

Money moving between a company and its parent or sister companies — loans, brand licence fees, shared services. Legitimate and disclosed, but worth sizing, because they leave the Nigerian company and its minority shareholders.

The Bottom Line

Nestlé Nigeria has almost finished repairing the damage the naira did to it. Equity is back above zero, accumulated losses are down to ₦48.0bn from ₦243.2bn at the start of 2025, and the brands still sell.

But this half's headline growth came from the same currency that broke the balance sheet, and it can reverse. Underneath, the business grew 8% while marketing spend grew 27% and tax took nearly half of what was earned. That is the number to watch next quarter, not the 43%.

THREE QUESTIONS FOR THE NEXT FILING

- Does the effective tax rate stay near 49%, and which costs are non-deductible?
- Was the 27% rise in marketing spend a one-off push, or the new level?
- Once accumulated losses are cleared, does the dividend return?

Every figure in this report is taken from Nestlé Nigeria Plc's unaudited interim financial statements for the six months ended 30 June 2026, approved by the board on 29 July 2026 and published on the company's investor page. Figures we calculated ourselves are labelled derived. Where we explain why something happened and the company published no commentary, we say so.

Before publishing we checked the filing's arithmetic: revenue less cost of sales equals gross profit; assets equal liabilities plus equity; opening cash plus movements equals closing cash. All three reconcile, each within ₦1,000 of rounding. We found no inconsistencies in this filing.

By Betini Udom. An explanation of a public filing, not investment advice. therainingmoney.com