

## Guinness Ghana 9M2025/26 Results

Current rating: **REDUCE**

Year-to-date: **+126.7%**

Current Price: GHS 14.96 | Current Fair Value: GHS 12.93 | Downside: 13.54%

Ghana | 11 May 2026

### Production Constraints Drive Earnings Contraction

#### 9M2025/26 Earnings Update

Guinness Ghana Breweries Plc. ("GGB Plc") released its unaudited 9M2025/26 financial results, reporting a 13.2% y/y fall in profit-after-tax to GHS 184.9mn. The decline in earnings was mainly on the back of a 17.8% y/y slump in revenue to GHS 2.1bn. The revenue contraction was impacted by scheduled maintenance and equipment overhaul activities across its packaging lines, which temporarily constrained production capacity. We expect these maintenance activities, once completed, to enhance capacity utilisation and improve operational efficiency across its production base. The decline in profitability also reflects a strong base effect, given the 472.6% y/y surge in profit after tax to GHS 212.9mn, in the prior year. Cost of sales declined by 19.1% y/y to GHS 1.6bn in 9M2025/26. The reduction in cost of sales stems from lower production volumes due to maintenance and equipment overhaul activities on the company's packaging lines, together with benefit from a 41.2% y/y appreciation of the cedi against the US Dollar in 1Q2026. Gross profit plummeted by 13.3% y/y to GHS 515.6mn, owing to the fall in revenue. Operating expense dropped by 6.0% y/y to GHS 266.9mn on the back of lower transport cost driven by decline in fuel cost and lower sales volume. Operating profit plunged by 20.0% y/y to GHS 248.7mn in 9M2025/26, leading to a 0.3pp y/y contraction in operating margin to 11.7%. Finance charges fell by 31.9% y/y to GHS 15.3mn, driven by a 43.8% y/y plunge in total debt to GHS 26.2mn. Overall, we expect the ongoing maintenance and equipment overhaul programme to enhance operational efficiency and production reliability once fully completed. However, the lack of a definite completion date introduces some uncertainty and a potential drag in our outlook for earnings and valuation. In the near term, we anticipate that the maintenance phase will continue to constrain production capacity, limiting output and placing pressure on revenue performance as operations temporarily run below optimal levels.

9M2025/26 Performance: Revenue contraction drives decline in bottom line

#### Revenue and Income Performance

- Revenue ▼ 17.8% y/y → GHS 2.1bn
- Operating Profit ▼ 20.0% y/y → GHS 248.7mn
- Net Profit ▼ 13.2% y/y → GHS 184.9mn

#### Cost and Risk Management

- Input Cost ▼ 19.1% y/y → GHS 1.6bn
- Operating Expenses ▼ 6.0% y/y → GHS 266.9mn
- Finance Cost ▼ 31.9% y/y → GHS 15.3mn

#### Margin Performance

- Gross Margin ▲ 1.3pp → 24.2%
- Operating Margin ▼ 0.3pp → 11.7%
- Net Profit Margin ▲ 0.5% → 8.7%

## Near-Term Outlook

### Packaging Line Upgrades to Weigh on Short-Term Revenue but Support Volume Growth In The Medium Term

#### Efficiency-Driven Capacity Expansion to Support Volume Growth in the Medium-to-long term

- In our [1H2025/26 report](#), we highlighted Guinness Ghana's objective to enhance production efficiency, particularly across its bottling lines through targeted CAPEX injection. The scheduled maintenance and equipment overhaul activities on the company's packaging lines have commenced. We expect these upgrades to improve production, reduce downtime, and enhance overall line efficiency once completed. Importantly, this expansion should translate into higher effective capacity utilisation, enabling the company to produce and distribute higher volumes of beverages over the medium-to-long term. In addition, improved equipment performance should enhance unit cost efficiency, supporting margin expansion as scale benefits materialise.

### Packaging line upgrades weigh on short-term revenue recovery

- In the near term, we expect Guinness Ghana to face production headwinds arising from its ongoing maintenance and equipment overhaul activities across packaging lines. These interventions have temporarily constrained production capacity, resulting in lower output and reduced ability to fully meet demand. As a result, revenue performance is likely to remain under pressure during the execution phase of the upgrade programme. We expect these disruptions to persist until maintenance activities are fully completed and production lines are fully restored. Consequently, we expect the resulting production disruption and volume constraints to weigh on earnings performance in the near term.

### Cost discipline cushions earnings amid operational disruption and weaker revenue performance

- Guinness Ghana demonstrated strong cost management during 9M2025/26 despite operational disruptions arising from ongoing maintenance and equipment overhaul activities across its packaging lines. The company successfully moderated cost through disciplined cost control, partially cushioning the impact of weaker revenue performance on profitability. Cost of sales declined ahead of the contraction in revenue, supported by lower production volumes during the maintenance phase, the appreciation of the cedi against the US Dollar, and the company's 69% local sourcing volume strategy, which continues to reduce exposure to imported input costs and foreign exchange volatility. Looking ahead, we expect continued cost discipline and the company's strong local sourcing strategy to help mitigate margin pressure and provide earnings support as Guinness Ghana navigates the temporary operational disruptions associated with the maintenance phase.

### Summary of Outlook

- We expect the ongoing maintenance and equipment overhaul activities to improve overall operational efficiency once completed. However, in the near term, we expect production constraints from the maintenance phase to limit output and weigh on revenue performance as the company temporarily operates below optimal capacity, which is likely to translate into softer earnings until production normalises. Nonetheless, we expect disciplined cost management to partially cushion the effect on profitability during this transition, supported by lower input cost and structural efficiencies from local sourcing. In view of the revenue and bottom-line drag occasioned by the ongoing maintenance and equipment overhaul with uncertain completion timeline, we foresee downside risk to valuation from the restrained earnings in the short-term.

## Valuation & Recommendation: **REDUCE**

- Our "REDUCE" rating is based on our weighted average fair value of GHS 12.93 per share, representing a downside of 13.54%, using the weighted average prices from our Discounted Cash Flow (DCF), Dividend Discount Model (DDM) and Price-to-Earnings (P/E) valuation models.
- GGB Plc is currently trading at a P/E of 24.9x (vs peer mean of 26.1x) and P/Sales of 2.2x

### Key risks to valuation

**Upside:** Sustained low inflation, continued stability or further appreciation of the Ghanaian cedi, lower costs of key inputs, slower utility tariff hikes, a softer VAT regime in 2026, improved local sourcing strategy, successful penetration into new markets, improved macroeconomic environment and purchasing power, favorable regulatory reforms and effective marketing and brand activation campaigns boosting market share.

**Downside:** Prolonged packaging line maintenance, Unexpected upward reversal in inflation, failure of premiumisation strategy, foreign exchange volatility, elevated interest rates, utility tariff hikes, rising energy prices, price surge in key raw materials, intensified competition, unfavorable tax policy shifts (especially excise duty on sweetened and alcoholic beverages) and underperformance of marketing and product innovation initiatives to generate sufficient sales uplift

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