## Kasapreko PLC. 1H2026 Results

**Current rating:** HOLD

**Year-to-date:** 65.8%

**Current Price**: GHS 1.99 **I Current Fair Value:** GHS 2.12 **I Upside:** 6.5%

Ghana I 05 August 2026

### Net Earnings Rise on Softer Costs and Non-Core Revenue

### 1H2026 Earnings Update

**Kasapreko PLC ("KASA") released its unaudited 1H2026 financial results, reporting a 23.3% y/y surge in net profit to GHS 185.8mn. The surge in net profit resulted from a revenue growth of 6.2% y/y to GHS 1.8bn, a 205.0% y/y spike in finance income to GHS 1.9mn, a 24.9% y/y fall in finance cost to GHS 72.8mn and a reversal from other expense of GHS 35.4mn to other income of GHS 42.5mn. Operating expenses increased modestly by 3.0% y/y to GHS 262.4mn, below the single digit average inflation of 3.8% in 1H2026. The modest growth in OPEX was due to a reversal of other expense of GHS 35.4mn in the prior year to other income of GHS 42.5mn. In our view, the modest revenue growth suggests that demand recovery remains more gradual than anticipated, despite the favourable macroeconomic backdrop. However, we expect sales volume in 2H2026 to support revenue as first line of Adeiso factory comes onstream in late 3Q2026, particularly the water bottling line, as management expects the water bottling machinery to add about two million bottles per month. We also anticipate seasonality-induced boost in consumer demand during 4Q2026, supporting revenue momentum in late 2026. Gross margin was broadly stable y/y at 29.6% (+0.04pp) while operating margin improved by 2.9pp y/y to 17.3%, due to better operating cost management. Consequently, net profit margin increased by 1.4pp y/y to 10.4%, supported by the 205.0% surge in finance income in 1H2026. We believe the significant growth in other incomes likely relates to bottling contract income from bottling arrangements with other companies. The sharp increase in finance income was likely driven by improved returns on investments in financial instruments, indicating elevated returns on the company's invested funds during the period. The decline in finance costs is due to a 57.1% y/y fall in long-term borrowing to GHS 68.4mn and a 71.7% y/y plunge in short-term borrowing to GHS 60.3mn, partly indicating the early tilt in post-IPO capital mix.**

**Looking ahead, we maintain a constructive medium-term outlook on Kasapreko, supported by capacity expansion, favourable tax reforms, improving demand conditions and continued cost discipline. The Adeiso project remains a key growth catalyst, with the expected commissioning of the first phase to support production volumes, improve product availability and strengthen the company's position within Ghana's growing non-alcoholic beverage market. We also expect the proposed removal of the 20.0% excise duty on locally manufactured fruit juices to support margin expansion by reducing production costs and improving pricing flexibility. We expect stronger seasonal demand in 4Q2026 to support revenue growth, while disciplined cost management should continue to underpin profitability. Despite our positive medium-term view, we currently maintain a "Hold" rating as the stock has already appreciated by 65.8% since listing, reflecting the market's optimism around the company's growth prospects but already capturing the post-IPO valuation upside. We believe further re-rating will depend on successful execution of the Adeiso project and evidence of stronger volume growth and earnings delivery. Our fair value remains at GHS 2.12, implying a potential upside of 6.5%.**

### 1H2026 Performance: Revenue growth, finance income surge and finance cost relief drive earnings

**Revenue and Income Dynamics**

- Revenue ▲ 6.2% → GHS 1.8bn
- Finance Income ▲ 205.0% → GHS 1.9mn
- Operating Profit ▲ 27.4% → GHS 309.0mn
- Net Profit ▲ 23.3% → GHS 185.8mn

**Cost and Risk Management**

- Cost of Sales ▲ 6.2% → GHS 1.3bn
- Operating Expenses ▲ 3.0% → GHS 262.4mn
- Finance Cost ▼ 24.9% → GHS 72.8mn

**Margin Performance**

- Gross Margin ▲ 0.04pp → 29.6%
- Operating Margin ▲ 2.9pp → 17.3%
- Net Profit Margin ▲ 1.4% → 10.4%

# Near-to-Medium-Term Outlook

### Adeiso Expansion and Operational Discipline to Shape the Next Phase of Growth

**Capacity Expansion to Drive Volume Growth**

- We expect the Adeiso production facility to support Kasapreko's medium-term growth by increasing production capacity and improving distribution efficiency. We expect sales volumes in 2H2026 to support revenue as the first phase of the Adeiso project comes onstream in late 3Q2026. Management expects the new water bottling line to add approximately two million bottles per month. The additional capacity should enable the company to expand into underserved markets and strengthen its competitive position. As highlighted in our Initiation of Coverage (IoC), we view the Adeiso project as a strategic investment that extends beyond capacity expansion. We believe it strengthens Kasapreko's long-term growth ambitions within Ghana's fast-growing non-alcoholic beverage market. We also expect the planned carbonated soft drinks production line to broaden the company's product offering and meet rising consumer demand. When subsequent phases are completed, we expect Kasapreko to benefit from stronger production volumes, deeper market penetration and improved operating leverage. Consequently, we believe the project will become a key catalyst for volume growth.

**Excise Duty Reform to Support Margin Expansion**

- During the mid-year 2026 budget review, the Ghanaian Treasury announced a removal of the 20.0% excise duty on locally manufactured fruit juices. We expect Kasapreko to benefit from the proposed softening of production tax burden for local fruit juice manufacturers. The tax reform should reduce production costs and improve pricing flexibility. Management could either retain the savings to expand margins or pass part of the benefit to consumers to stimulate demand and strengthen Kasapreko's competitive position. Following legislative approval of the tax removal, we expect the financial benefits to begin flowing through from 4Q2026.

**Seasonal Demand to Support Near-Term Revenue Growth**

- We expect revenue growth to strengthen in 4Q2026, supported by higher consumer demand during the festive season and warmer weather conditions, which typically drive stronger beverage consumption. We also expect the contribution from the Adeiso expansion to improve product availability and support the company's ability to meet seasonal demand. These factors should provide a meaningful uplift to revenue and profitability by FY2026.

**Cost Discipline to Support Margin Expansion**

- We believe Kasapreko's focus on cost discipline will remain a key driver of earnings growth. Despite a modest 6.2% y/y increase in revenue to GHS 1.8bn in 1H2026, the company maintained tight control over operating expenses, which increased by only 3.0% y/y to GHS 262.4mn. This was below the average inflation rate of 3.8% during the period. The improvement in cost efficiency supported a 2.9pp y/y expansion in operating margin to 17.3%, demonstrating stronger operating leverage as the company managed expenses more effectively. We expect continued cost discipline to provide earnings support as revenue growth improves. Furthermore, Kasapreko's reduced reliance on debt financing has strengthened its earnings profile. Long-term borrowings declined by 57.1% y/y to GHS 68.4mn, while short-term borrowings fell by 71.7% y/y to GHS 60.3mn. This contributed to a 24.9% y/y decline in finance costs to GHS 72.8mn, providing further support to profitability. We believe sustained cost control will enable Kasapreko to preserve margins and deliver more sustainable earnings growth over the near term.

**Successful Execution of Adeiso Factory Construction to Drive the Next Re-Rating**

- We maintain our Hold rating on Kasapreko (as indicated in our IoC) despite our constructive medium-term outlook. Since listing on the Ghana Stock Exchange (GSE) on 15 June 2026, the stock has appreciated by 65.8% from its IPO price of GHS 1.20 to GHS 1.99 as of 04 August 2026. The strong post-listing performance strengthens our view that the IPO was priced at an attractive valuation and that the market has re-rated the stock in recognition of its growth potential. At the current price, however, we believe investors will adopt a wait-and-see approach. While we remain optimistic about the company's long-term prospects, we believe further upside will depend on the successful execution of the Adeiso expansion project and the company's ability to translate the additional capacity into stronger sales volumes and earnings. We also expect 2H2026 performance to provide greater clarity on the sustainability of revenue growth, margin expansion, and the financial benefits from the company's strategic initiatives. Consequently, we believe the current valuation broadly reflects the near-term growth outlook, warranting a Hold as we maintain our fair value at GHS 2.12 with an upside of 6.5%.

**Summary of Outlook**

- Overall, we maintain a constructive medium-term outlook on Kasapreko, supported by capacity expansion, favourable tax reforms, improving demand conditions and continued cost discipline. The Adeiso project remains a key growth catalyst, with the expected commissioning of the first phase to support production volumes, improve product availability and strengthen the company's position within Ghana's growing non-alcoholic beverage market. We also expect the proposed removal of the 20.0% excise duty on locally manufactured fruit juices to support margin expansion by reducing production costs and improving pricing flexibility. We expect stronger seasonal demand in 4Q2026 to support revenue growth, while disciplined cost management should continue to underpin profitability. Despite our positive medium-term view, we maintain a Hold rating as the stock has already appreciated by 65.8% since listing, reflecting the market's optimism around the company's growth prospects. We believe further re-rating will depend on successful execution of the Adeiso project and evidence of stronger volume growth and earnings delivery. Our fair value remains at GHS 2.12, implying a potential upside of 6.5%.

## Valuation & Recommendation: HOLD

- Our "HOLD" rating is based on our weighted average fair value of GHS 2.12 per share, representing an upside of 6.5%, using the weighted average prices from our Discounted Cash Flow (DCF) and relative valuation models.
- KASA is currently trading at a TTM P/E of 21.1x and EV/EBITDA of 25.0x – above peer mean EV/EBITDA of 13.0x

**Key risks to valuation**

**Upside**: Successful execution of Adeiso factory, Continued low inflation, appreciation of the Ghanaian cedi, slower utility tariff hikes, a softer VAT regime in 2026, the removal of excise duty on locally manufactured fruit juices, improved local sourcing strategy, successful penetration into new markets, improved macroeconomic environment and lower energy cost,

**Downside:** Execution delays at the Adeiso factory construction, Higher-than-expected inflation, foreign exchange volatility, elevated interest rates, utility tariff hikes, rising energy prices, intensified competition, unfavorable tax policy shifts and increase in raw material prices.

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