



Oando Plc Unaudited FY 2024 Report: Sluggish Recovery as PBT drops by -53.60% but Liquidity Improves.



Image Credit: Oando Plc

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Key Highlights.

Oando Plc's unaudited FY 2024 result saw a struggle to recovery as profit before tax (PBT) fell by -53.60% to N47.78bn despite a double-digit growth in revenue. The cost of sales took 93% of the group's revenue of N4.12trn, pulling gross profit to N282.53bn but other operating incomes worth N349.74bn created a buffer to absorb administrative expenses of N402.69bn and net finance cost of N173.69bn. Oando's high revenue and weak profit was consistent **with Proshare's previous outlook** as Oil prices averaged peak levels in 2024 and energy costs continues to drive operating expenses upward. However, the post-tax profit rose by **+8.65%** to N65.49bn, supported by income tax expense addback while earnings per share stood flat at N5.00.

Oando's strategic acquisition of Nigerian Agip Oil company Limited (NAOC) through Reserved based lending facility and Afrexim caused a **+237.62%** growth in borrowings to N2.76trn and improved liquidity as cash and cash equivalent rose by **+140.02%** to N175.98bn. This new borrowing increases the group's exposure to exchange rate volatility and threatens bottom-line earnings.

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Table 1:

OANDO'S KEY HIGHLIGHT			
Key Highlight	FY 2023 (N'bn)	FY 2024 (N'bn)	Growth Rate (%)
Revenue	2,845.60	4,122.09	44.86%
Cost of sales	2,760.58	3,839.56	39.09%
Gross Profit	85.02	282.53	232.31%
Finance income	16.90	58.45	245.77%
Finance Costs	232.14	133.38	-42.54%
Admin expenses	261.35	402.69	54.08%
Profit Before Tax	102.98	47.78	-53.60%
Profit After Tax	60.28	65.49	8.65%
Earnings per share	5.00	5.00	0.00%
Total Assets	2,676.12	7,509.30	180.60%
Shareholder's Equity	-267.18	-273.03	2.19%
Borrowings	818.34	2,762.92	237.62%
Cash and Cash equivalent	73.32	175.98	140.02%
Inventories	7.62	20.54	169.75%
Receivables	710.39	3,399.26	378.51%

Source: Financial statement, Proshare Research

Ratios

A few of Oando's financial ratios improved such as higher gross profit and liquidity ratios. However, the eroded shareholder funds and huge cost pressure pushback net profit margin, ROE and ROA (see table 2).

Table 2:

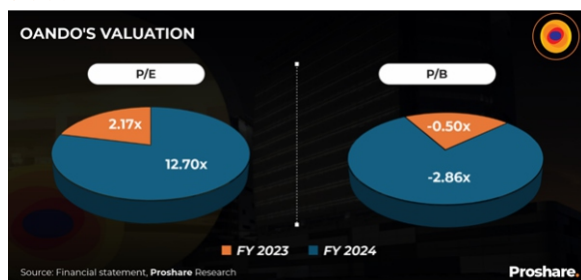
OANDO'S RATIOS		
Ratios	FY 2023	FY 2024
Gross profit margin	2.99%	6.85%
Net profit Margin	2.12%	1.59%
Return on equity	-22.56%	-23.99%
Return on assets	2.25%	0.87%
Current Ratio	0.28x	0.56x
Acid-Test Ratio	0.27x	0.56x
Inventory Turnover Ratio	0.003x	0.005x
Debt-to-equity ratio	-3.06x	-10.12x

Source: Financial statement, Proshare Research

Valuation

The group's P/E and P/B increased significantly to 2.17x and -2.86x in FY 2024, as the market positive perception outran fundamental value especially with the negative book value (see chart 1).

Chart 1:



Share Price Movement.

Since the company's notice of delisting from the Nigerian Exchange Limited (NGX) was announced, its share price fluctuated along a flat trading channel before steadily rising, providing minority shareholders with more recent protective cover against potential value destruction. Despite the trading suspension on October 24, 2024, due to delayed FY 2023 result release, the share price returned +485.25% to investors in 2024, above the NGX ASI's 37.65% return. In 2025, the rally slowed but the share price has generated a YTD return of +7.72% as of January 31, 2025 (see chart 2).

Chart 2:



Oando Plc's downside risks might stretch beyond internal cost structure, regularity governance reviews, and overweight borrowing burdens in 2025. Projected lower oil prices due to increased supply from US might affect top-line earnings, which will trickle down to corporate bottom-line and liquidity.

For further updates on Oando Plc, follow the company Proshare Investor Relations (IR) Portal.

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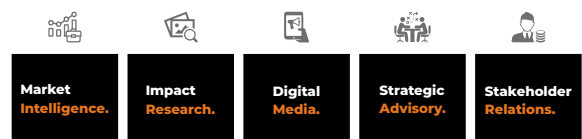
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