



Geregu Power Plc FY 2024 Report: Net Earnings **Doubles** Despite Cost Pressure.



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Geregu Power Plc's audited results for the year ended December 31, 2024, shows revenue improved by **+65.40%** to N137.13bn in FY 2024 as energy sold and capacity charge increased significantly despite the gas supply shortage. The strong earnings from core operations and other income from disposal of gas condensates and interest income on bank deposits cushioned N619.09m FX loss and **+84.84%** growth in cost of sales to achieve substantial growth in net profit. The group's pre- and post-tax profit increased by **+69.21%** and **+70.70%** to N41.27bn and N27.43bn respectively. The Genco's financial scorecard showed strong improvement, with positive net profit, double earnings per share, and fatter retained earnings, except for a squeeze in cash (**-43.15%**) and a significant jump in trade receivables (**+152.42%**) (see table 1).

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Table 1:

KEY HIGHLIGHTS			
	FY 2023	FY 2024	Growth Rate (%)
Revenue	82.91	137.13	65.40%
Gross Profit	42.66	62.73	47.05%
Finance income	7.80	8.54	9.49%
Finance Costs	14.55	10.23	-29.69%
Profit Before Tax	24.39	41.27	69.21%
Profit After Tax	16.05	27.43	70.90%
Earnings per share	6.42	10.97	70.87%
Total Assets	182.04	243.47	33.75%
Shareholder's Equity	45.15	52.56	16.41%
Trade and other Receivables	48.07	121.82	153.42%
Borrowings	63.64	65.82	3.43%
Cash and Cash equivalent	70.26	39.94	-43.15%

Source: Financial Statement, Proshare Research. Proshare.

Ratios

The genco's performance ratios showed positive shareholder return, modest asset utilization, lower financial risk and slight squeeze in liquidity as current ratio and acid test ratio dropped to 1.13x. However, the lower gross profit margin and marginal increase in net profit highlighted high operating costs (see table).

Table 2:

RATIOS		
	FY 2023	FY 2024
Gross Profit Margin	51%	46%
Net Profit Margin	19%	20%
Return on Equity	36%	52%
Return on Assets	9%	11%
Current Ratio	2.05	1.13
Acid-Test Ratio	2.04	1.13
Inventory Turnover Ratio	130	220
Debt-to-equity Ratio	1.41	1.25

Source: Financial Statement, Proshare Research. Proshare.

Valuation

Geregu's price-to-earnings and price-to-book value rose to 104.83x and 54.69x in 2024 compared to 62.15x and 22.09x, as share price rally outpaced growth in corporate fundamentals (see chart 1).

Chart 1:



Share Price Movement.

Despite the dominance of flattened share price pattern in 2024, Geregu's share price gained 188% in 2024, outperforming the NGX ASI's return of 37.65%. The share price rose from N399.00k on January 02, 2024, to N1,150.00k on December 31, 2024, ranking among the high-priced stocks in 2024 (see chart 2).

Chart 2:



Closing Thought.

Geregu's strategic partnership with Siemens and commissioning of Power Plant II is set to increase the Genco's production capacity to roughly 1200MW. This expansion should allow the Genco to penetrate a large untapped market, given Nigeria's growing population and energy deficiency. Barring gas supply disruption and other structural issues in the country's power industry, Proshare analysts expect Geregu Power Plc to sustain its positive earnings in 2025.

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

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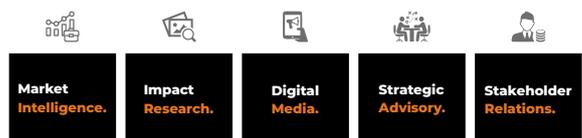
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