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BUA Cement Plc H1 2026 Results: A Margin Breakout and Bulk-Cement Debut, Fetched a Record Dividend Payout.

The Analyst Note.

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BUA Cement Plc's H1 2026 results indicate an operational breakthrough. Revenue increased by 25.61% to N728.93bn, while the cost of sales grew by 2.70%. This disparity boosted gross profit by 49.12% to N427.03bn and increased the gross margin by 923 basis points to 58.58%. Operating profit rose by 51.30% to N371.27bn, profit before tax increased by 78.97% to N384.44bn, and profit after tax inched up by 79.59% to N324.88bn, resulting in earnings per share of N9.59 compared to N5.34 in H1 2026. The company's disciplined cost management was evident; operating and maintenance service charges fell by 22.17% to N66.22bn, and energy costs, which still constitute 44.65% of the cost of sales at N135.35bn, increased by 6.25%, shrinking from 21.95% to 18.57% of revenue. A key new development is the increase in bulk cement revenue, which increased from N236.29m in H1 2025 to N40.15bn, representing 5.51% of total revenue. This sector, supporting ready-mix, precast, and civil projects, is less sensitive to retail price changes. In Q2 2026, the trend remained solid, with revenue reaching N373.95bn, a 29.18% rise year-on-year, and gross margin improved to 60.20% from 56.88% in Q1 2026.

The results showed profit before tax rose by N169.63bn, with N43.76bn (25.80%) sourced outside core operations, including N27.76bn from foreign exchange and finance income, and N16.00bn from reduced finance costs. The effective tax rate was 15.49%, reflecting a deferred tax credit of N16.58bn and a current charge of N76.14bn, which represents 19.81% of pre-tax profit. Cash taxes rose to N29.48bn, with income tax payable at N75.87bn as of June 30, 2026, highlighting the need for careful cash flow management.

On the payment side, BUA Cement distributed N338.64bn in dividends (N10.00 per share), representing 1.04 times half-year profit after tax (PAT). However, on the funding side N233.27bn was raised through new borrowings from an IFC syndicated facility, while equity slightly fell by 2.05% to N659.13bn, and net debt rose by 46.05% to N359.65bn, raising the debt-to-equity ratio to 1.01 times. Despite a 47.38% increase in distribution costs to N32.46bn, the company maintained a favourable gross margin, with a 923-basis-point increase.

The market has already priced-in the improvement in BUA Cement's results. At N316.00 on August 19, 2026, BUA Cement is worth N10.70trn, up 77.03% year-to-date (YTD) but 31.30% below its N460.00 May peak. It trades at 32.94 times unannualised H1 earnings and 16.24 times book, the highest price-to-book (P/BV) among the three cement producers, on a free float of 2.31%. It contributed 18.59% of sector revenue and 27.73% of sector profit yet holds 31.92% of the sector's N33.53trn market value, with N359.65bn net debt versus HBM Nigeria's debt-free balance sheet and Dangote Cement's N215.24bn net cash.

Financial Performance

BUA Cement Plc released its unaudited financial statements for the three months and six months ended June 30, 2026. Revenue increased by 25.61% to N728.93bn from N580.30bn in H1 2025, with Q2 2026 revenue reaching N373.95bn, up by 29.18% from N289.48bn in Q2 2025 and 5.34% higher than Q1 2026. Gross profit grew by 49.12% to N427.03bn, while cost of sales increased by 2.70%, and operating profit rose by 51.30% to N371.27bn. Profit before tax rose by 78.97% to N384.44bn, and profit after tax increased by 79.59% to N324.88bn, resulting in basic earnings per share of N9.59, compared to N5.34 in H1 2025, on 33.86bn shares outstanding. MD and CEO Yusuf Binji credited the results to the company's growth strategies and cost management efforts, noting that BUA Cement ***"delivered a strong quarter despite the constraints encountered."***

Table 1:

INCOME STATEMENT, H1 2025 VS H1 2026

Metric	H1 2025 (N'bn)	H1 2026 (N'bn)	Y-o-Y Change	Analyst Note
Revenue – Bagged Cement	580.07	688.77	18.74%	Core franchise; growth largely price-led
Revenue – Bulk Cement	0.24	40.15	n.m.	New market entry; now 5.51% of revenue
Total Revenue	580.3	728.93	25.61%	Q2 2026 alone grew by 29.18%
Cost of Sales	293.94	301.89	2.70%	Grew at one-tenth the pace of revenue
Gross Profit	286.36	427.03	49.12%	Gross margin widened to 58.58%
Other Income	1.06	0.51	-51.80%	Smaller government grant amortisation
Selling and Distribution Costs	29.81	40.45	35.66%	Distribution costs alone up by 47.38%
Administrative Expenses	12.21	15.83	29.62%	Broadly tracking topline growth
Operating Profit (EBIT)	245.39	371.27	51.30%	Margin of 50.93% versus 42.29%
EBITDA	269.91	394.27	46.07%	Margin improved to 54.09% from 46.51%
Finance Income	6.76	18.73	176.90%	Interest on a larger deposit book
Finance Costs	38.14	22.14	-41.95%	After N3.39bn capitalised to assets
Net Foreign Exchange Gain	0.78	16.57	n.m.	Naira stability reversed prior-year losses
Profit Before Tax	214.8	384.44	78.97%	Boosted by the finance and FX lines
Tax Expense	33.91	59.56	75.65%	Effective rate of 15.49% versus 15.79%
Profit After Tax	180.9	324.88	79.59%	Highest half-year profit on record
Earnings Per Share (N)	5.34	9.59	79.59%	No dilution; 33.86 billion shares

Note: "n.m." (not meaningful) denotes a year-on-year change exceeding 1,000%, reflecting a negligible prior-year base.

Source: BUA Cement Plc H1 2026 Unaudited Financial Statements, Proshare Research

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Revenue Mix and Quarterly Trajectory

BUA Cement presents itself as a single Nigerian operating entity and does not disclose sales volumes, making the revenue composition and quarterly trends the primary focus of analysis. The bagged cement segment, historically the core franchise, increased by 18.74% to N688.77bn. Meanwhile, bulk cement, which had a minimal start in H1 2025 at N236.29m, grew to N40.15bn and now makes up 5.51% of total revenue. Bulk cement sales primarily target ready-mix, precast, and major civil projects rather than retail distributors, aligning with the ongoing government infrastructure pipeline that supports sector demand into 2026. Proshare considers the bulk channel the most significant new disclosure in this report because it is less influenced by retail price changes.Insurance policy comparison

In Q2 2026, BUA Cement recorded N373.95bn in revenue, accounting for 51.30% of the half-year total revenue and reflecting a 29.18% year-over-year growth, up from 22.61% in Q1 2026. The gross margin for Q2 2026 was 60.20%, higher than 56.88% in Q1 2026, indicating improved cost efficiency.

Table 2:

REVENUE MIX AND QUARTERLY TRAJECTORY, H1 2025 VS H1 2026

Indicator	H1 2025	H1 2026	Change	Analyst Note
Bagged Cement Revenue (N'bn)	580.07	688.77	18.74%	Price-led growth in the retail channel
Bulk Cement Revenue (N'bn)	0.24	40.15	n.m.	From a standing start a year earlier
Bulk Share of Total Revenue	0.04%	5.51%	+547bps	Mix shift toward institutional offtake
Q1 Revenue (N'bn)	290.82	354.98	22.06%	Q1 2026 versus Q1 2025
Q2 Revenue (N'bn)	289.48	373.95	29.18%	Growth accelerated into the second quarter
Q2 Gross Margin	50.99%	60.20%	+921bps	Best quarterly gross margin disclosed
Q2 Profit After Tax (N'bn)	99.77	148.50	48.84%	Q2 carried 45.71% of half-year profit

Source: BUA Cement Plc H1 2026 Unaudited Financial Statements, Proshare Research

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Cost Structure: Where the Margin comes From

The profit margin growth is attributed to changes in the cost of sales, primarily in two areas. First, operation and maintenance service charges dropped by 22.17% to N66.22bn, compressing their share of costs from 28.82% in H1 2025 to 21.85% in H1 2026. Second, energy consumption, the largest cost component at 44.65% of cost of sales, increased by 6.25% to N135.35bn, while revenue grew by 25.61%, slashing its share of revenue from 21.95% in H1 2025 to 18.57% in H1 2026. The Company's strengths, including the 700-tonne-per-day regasification plant at Sokoto and its integrated operations, helped contain costs.

Nevertheless, some costs rose. Quarry fees and royalties more than doubled to N3.87bn, other repairs and maintenance increased by 38.70% to N17.49bn, refractories rose by 34.34% to N5.78bn, and production staff costs rose by 28.54% to N8.48bn. Distribution costs grew by 47.38% to N32.46bn, the fastest-growing expense, resulting in selling and distribution costs representing 5.55% of revenue, up from 5.14% last year. The net effect is that BUA Cement achieved a gross margin gain of 923 basis points while conceding about 41 basis points at the distribution line, a trade-off that will require monitoring.

Table 3:

COST OF SALES COMPOSITION, H1 2025 VS H1 2026

Cost Item	H1 2025 (N'bn)	% of Total	H1 2026 (N'bn)	% of Total	Y-o-Y Change
Energy Consumption	127.39	43.16%	135.35	44.65%	6.25%
Operation and Maintenance Service Charges	85.08	28.82%	66.22	21.85%	-22.17%
Materials (net of stock movement)	36.93	12.51%	44.56	14.70%	20.66%
Depreciation and Amortisation	16.47	5.58%	14.67	4.84%	-10.96%
Other Repairs and Maintenance	12.61	4.27%	17.49	5.77%	38.70%
Staff Costs	6.6	2.24%	8.48	2.80%	28.54%
Refractories	4.3	1.46%	5.78	1.91%	34.34%
Quarry Fees and Royalties	1.74	0.59%	3.87	1.28%	122.72%
Lubricants	1.5	0.51%	2.38	0.78%	59.13%
All Other Items	2.57	0.87%	4.32	1.42%	68.41%
Decommissioning Liability Adjustment	-1.23	-	-1.23	-	-0.45%
Total Cost of Sales	**293.94**	-	**301.89**	-	**2.70%**

Source: BUA Cement Plc H1 2026 Unaudited Financial Statements (Note 3), Proshare Research Computation Proshare.

Margins and Operating Efficiency

Margin growth was significant, with gross margin rising by 923 basis points to 58.58%. The EBIT margin rose by 864 basis points to 50.93%, and the EBITDA margin improved by 758 basis points to 54.09%. BUA Cement's net margin grew by 1,340 basis points to 44.57% with a stable tax rate of 15.49%. Interest coverage improved to 16.77x, up from 6.43x, due to higher EBIT and a 41.95% decrease in finance costs. However, caution is warranted regarding the tax situation; the effective rate includes a current charge of N76.14bn and a deferred tax credit of N16.58bn. Without the credit, the current charge is 19.81% of pre-tax profit, while cash taxes paid increased to N29.48bn in H1 2025, up from N2.83bn in H1 2025 and N2.35bn in December 2025.

Under Nigeria's 2025 Tax Act, a 4% development levy replaced the previous education tax and Police Trust Fund levy in January 2026, leading to N9.50bn recorded in H1 2026. Proshare warns that the reported tax rate may understate the tax burden, as income tax payable reached N75.87bn as of June 30, 2026, indicating higher cash outflows in H2 2026.

Table 4:

MARGINS AND OPERATING EFFICIENCY, H1 2025 VS H1 2026

Indicator	H1 2025	H1 2026	Change	Analyst Note
Gross Margin	49.35%	58.58%	+923bps	Widest gross margin in the five-year series
EBIT Margin	42.29%	50.93%	+864bps	Operating leverage from cost containment
EBITDA Margin	46.51%	54.09%	+758bps	Computed on reported depreciation charges
PBT Margin	37.02%	52.74%	+1,572bps	Finance and FX lines added to the gain
Net Margin	31.17%	44.57%	+1,340bps	Not compressed by tax, unlike peers
Effective Tax Rate	15.79%	15.49%	-30bps	Flattered by a N16.58bn deferred credit
Current Tax Charge as % of PBT	8.63%	19.81%	+1,118bps	The underlying cash tax burden is rising
Interest Coverage (EBIT / Finance Costs)	6.43x	16.77x	+10.34x	Higher EBIT and lower reported finance cost
Return on Equity (annualised, period-end)	63.54%	98.58%	+3,504bps	Flattered by a shrinking equity base

Source: BUA Cement Plc H1 2026 Unaudited Financial Statements, Proshare Research Computation Proshare.

Cash Flow, Capital Expenditure and Dividend

Cash generation improved materially. Operating cash flow before working capital changes increased by 46.34% to N393.30bn. After a marginal working capital impact of N84.95bn (compared to N115.47bn in H1 2025), cash from operations grew by 101.15% to N308.35bn. Net cash from operating activities rose by 85.37% to N278.45bn after N29.48bn in tax payments. Capital expenditure on property, plant, and equipment increased by 285.11% to N60.67bn, resulting in free cash flow of N217.78bn, up 61.96%. Based on operating metrics alone, BUA Cement converted 85.71% of profit after tax into operating cash, up from 83.04% in H1 2025.

The financing section highlights major decisions made during this period. The Company paid out N338.64bn in dividends (N10.00 per share, 1.04 times H1 2026 profit after tax) and took on N233.27bn in new borrowings, primarily from the IFC syndicated facility, while there were no borrowings in H1 2025. After principal repayments of N67.91bn, N14.38bn on the Series 1 bond, and N22.89bn in interest, the net cash outflow from financing was N210.59bn. This resulted in a free cash flow of negative N120.86bn, necessitating the new debt.

Table 5:

CASH FLOW AND CAPITAL EXPENDITURE, H1 2025 VS H1 2026

Indicator	H1 2025 (N'bn)	H1 2026 (N'bn)	Y-o-Y Change	Analyst Note
Operating Cash Flow Before Working Capital	268.76	393.3	46.34%	Tracks the operating profit improvement
Working Capital Movement	-115.47	-84.95	-26.43%	Smaller drag; payables fell by N84.96bn
Cash Generated from Operations	153.29	308.35	101.15%	Doubled year on year
Tax Paid	-2.83	-29.48	941.67%	Cash tax beginning to normalise
Net Cash from Operating Activities	150.22	278.45	85.37%	Strong underlying conversion
Capital Expenditure (cash, PPE)	15.75	60.67	285.11%	Ososo greenfield and line expansions
Free Cash Flow (OCF less cash capex)	134.46	217.78	61.96%	Before dividends and financing
Dividends Paid	0	338.64	n.m.	N10.00 per share; 1.04x H1 2026 PAT
Free Cash Flow After Dividends	134.46	-120.86	n.m.	The funding gap the new debt filled
New Borrowings Drawn	0	233.27	n.m.	Principally the IFC syndicated facility
Principal Repayments (loans and bond)	32.88	82.29	150.30%	Series 1 bond amortising on schedule

Note: n.m denotes a swing between a loss and a profit for which a percentage change is not meaningful.

Source: BUA Cement Plc H1 2026 Unaudited Financial Statements, Proshare Research Computation Proshare.

Balance Sheet, Leverage and Liquidity

Total assets grew by 3.37% to N1.92trn from N1.86trn at FY 2025, but the composition of the funding changed. Total liabilities rose by 6.45% to N1.26trn while total equity fell by 2.05% to N659.13bn, because the N338.64bn dividend exceeded the N324.88bn earned in the period and reduced retained income by 2.98% to N448.55bn. Gross borrowings and debt securities rose by 25.93% to N663.21bn as the IFC syndicated loan moved from N391.69bn to N567.71bn across its current and non-current portions. Cash and short-term deposits rose by 8.27% to N303.56bn, so net debt increased by 46.05% to N359.65bn from N246.25bn, and the debt-to-equity ratio rose to 1.01 times from 0.78 times.

Liquidity improved, with the current ratio increasing to 1.10x from 0.95x at the end of FY 2025, driven by a 24.64% drop in trade and other payables to N279.99bn and a 15.10% reduction in short-term borrowings to N132.70bn. Net debt stands at N359.65bn, representing 0.46x the annualised H1 2026 EBITDA of N788.55bn. Property, plant, and equipment rose by 3.16% to N1.22trn, while construction work-in-progress increased by 45.98% to N183.86bn, reflecting progress on the Ososo project and the goal of raising installed capacity from 17 million to 20 million metric tonnes per annum.

Table 6:

BALANCE SHEET, LEVERAGE AND LIQUIDITY, FY 2025 VS H1 2026

Indicator	FY 2025 (N'bn)	H1 2026 (N'bn)	Change	Analyst Note
Total Assets	1,856.13	1,918.70	3.37%	Growth funded by debt, not equity
Property, Plant and Equipment	1,179.53	1,216.85	3.16%	Net of a N22.63bn depreciation charge
Construction Work-in-Progress	125.95	183.86	45.98%	Ososo greenfield and line expansions
Total Liabilities	1,183.23	1,259.57	6.45%	Driven by long-term borrowing
Total Equity	672.9	659.13	-2.05%	Dividend exceeded profit for the period
Retained Income	462.32	448.55	-2.98%	N338.64bn distributed against N324.88bn earned
Cash and Short-Term Deposits	280.38	303.56	8.27%	N268.25bn held in short-term deposits
Total Borrowings and Debt Securities	526.63	663.21	25.93%	IFC syndicated drawdown of N233.27bn
Net Debt	246.25	359.65	46.05%	0.46x annualised H1 2026 EBITDA
Debt-to-Equity Ratio	0.78x	1.01x	+0.23x	Leverage rose as equity contracted
Current Ratio	0.95x	1.10x	+0.15x	Crossed 1.0x on lower payables
Income Tax Payable	29.21	75.87	159.74%	Points to heavier cash tax in H2 2026

Source: BUA Cement Plc H1 2026 Unaudited Financial Statements, Proshare Research Computation

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Market Performance and Valuation

BUA Cement closed at N316.00 on August 19, 2026, with a market value of N10.70trn on 33.86bn shares, making it one of the largest on the Nigerian Exchange. The stock is up 77.03% year-to-date and 87.43% over twelve months, but 31.30% below the N460.00 peak on May 19, 2026. It fell through June, July, and August after results were released. The 52-week range of N151.80 to N460.00 is among the broadest in the industrial sector. Turnover is low: 86.15 million shares, worth N28.30bn, traded over three months, averaging 1.08 million shares daily, with a 2.31% free float worth N266.63bn as of June 30, 2026.

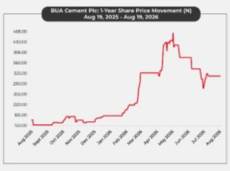
On valuation, the stock traded at 32.94 times unannualised H1 2026 earnings per share of N9.59 on August 19, 2026, or 16.47 times annually assuming the H1 income repeats in H2 2026, for a 3.04% earnings yield. Using total equity of N659.13bn, the shares traded at 16.24 times book value per share of N19.46. This price-to-book is the highest among the three cement producers and inflated by a dividend that shrank the equity base.

Illustration 1:

BUA CEMENT PLC

Snapshot as of August 19, 2026

Closing Share Price	N316.00	August 18, 2026 close on the NGX
52-Week Range	N151.80 – N460.00	Low August 21, 2025; high May 19, 2026
Shares in Issue	33.86 billion	Unchanged; no issuance in the period
Market Capitalisation	N10,701.14bn	Among the largest on the NGX
Book Value Per Share	N19.46	On total equity of N659.13bn at June 30, 2026
Price-to-Book (P/B) Ratio	16.24x	Highest of the three listed cement producers
Price-to-Earnings, Unannualised	32.94x	On H1 2026 EPS of N9.59
Price-to-Earnings, Annualised	16.47x	Assumes the H1 income mix repeats in H2 2026
Earnings Yield (unannualised)	3.04%	Below the prevailing fixed income yield
Year-to-Date Share Price Performance	77.03%	From N178.50 at 31 December 2025
One-Year Share Price Performance	87.43%	From N168.60 on August 18, 2025
Drawdown from 52-Week High	-31.30%	From the N460.00 peak of May 19, 2026
3-Month Trading Volume	86.15 million shares	N28.30bn in value over 64 sessions
Average Daily Traded Volume	1.08 million shares	Constrained by a 2.31% free float
Free Float	2.31%	N266.63bn in value at 30 June 2026



Source: NGX, BUA Cement Plc H1 2026 Unaudited Financial Statements, Proshare Research

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Peer Comparison: BUA Cement, Dangote Cement and HBM Nigeria

The three Nigerian cement producers (BUA Cement, Dangote Cement and HBM Nigeria) reported combined revenue of N3.92trn and profit after tax of N1.17trn in H1 2026, with a total market value of N33.53trn as of August 19, 2026. BUA Cement contributed 18.59% of sector revenue and 27.73% of sector profit, and held 31.92% of market cap, indicating a higher valuation relative to earnings.

BUA Cement outperformed peers, reporting 79.59% profit growth and achieving the highest operating and net margins at 50.93% and 44.57%, respectively. This was despite having the lowest gross margin, benefiting from a lower effective tax rate. However, its N359.65bn net debt contrasts with HBM Nigeria's debt-free status and Dangote Cement's N215.24bn net cash position. BUA Cement's N10.00 interim dividend is also below HBM Nigeria's N16.00. Valuation remains a concern, as BUA trades at the highest P/E and P/B ratios of 32.94x and 16.24x, indicating strong margins but also a limited free float of 2.31% and associated liquidity risks.

Table 7:

PEER COMPARISON, H1 2026 RESULTS AND MARKET DATA AS OF AUGUST 19, 2026

Metric	BUA Cement	Dangote Cement	HBM Nigeria	Analyst Note
Revenue (N'bn)	728.93	2,513.93	678.41	Dangote Cement retains unmatched scale
Revenue Growth, Y-o-Y	25.61%	21.35%	31.23%	HBM Nigeria led the topline
Gross Margin	58.58%	63.23%	62.18%	BUA lowest, on cost classification
Operating (EBIT) Margin	50.93%	42.15%	42.89%	BUA Cement leads on operating margin
Profit Before Tax (N'bn)	384.44	981.39	317.73	BUA ahead of HBM on absolute PBT
PBT Growth, Y-o-Y	78.97%	34.43%	59.08%	BUA Cement led pre-tax momentum
Profit After Tax (N'bn)	324.88	638.53	208.35	BUA is 27.73% of sector profit
PAT Growth, Y-o-Y	79.59%	22.69%	57.03%	BUA Cement led the sector
Earnings Per Share (N)	9.59	38.22	12.93	On differing share counts
Total Assets (N'bn)	1,918.70	6,621.64	1,305.73	Dangote Cement is 3.45x BUA Cement
Total Equity (N'bn)	659.13	3,170.46	805.7	BUA equity fell by 2.05% in the half
Share Price as of Aug 19, 2026 (N)	316.00	1,034.00	334.00	Closing prices on the NGX
Market Capitalisation (N'bn)	10,701.14	17,447.26	5,380.00	Combined sector value N33.53trn
Year-to-Date Share Price Return	77.03%	69.79%	148.33%	HBM Nigeria led the re-rating
Shares Outstanding (bn)	33.86	16.75	16.11	As disclosed in peer's H1 2026 unaudited financial statement
Free Float	2.31%	5.73%	16.17%	As disclosed in peer's H1 2026 unaudited financial statement

Source: BUA Cement Plc, Dangote Cement Plc and HBM Nigeria Plc H1 2026 Results, NGX, Proshare Research

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H2 2026 Investor Watchpoints

Six indicators will determine whether the H1 2026 result marks a durable step-up in profitability or a half-year shaped by items that may not repeat.

Table 8:

INSTITUTIONAL INVESTOR WATCHPOINTS FOR H2 2026

Watchpoint	Position at H1 2026	Evidence to monitor	Signal that would change the reading
Effective Tax Rate and Cash Tax	Reported rate of 15.49%, but the current tax charge rose by 310.83% to N76.14bn and income tax payable rose by 159.74% to N75.87bn	Q3 and FY 2026 effective rate, the development levy charge, and the pace of cash tax payments	A reported rate converging toward the current-tax rate of 19.81% or higher, or confirmation the deferred credit was one-off
FX and Finance Income Repeatability	A N16.57bn net FX gain and N18.73bn of finance income together contributed a large share of the 78.97% PBT growth	Naira stability against the dollar and the size of the short-term deposit book after the dividend outflow	A reversal to FX losses on the foreign-currency IFC facility, or a smaller deposit book reducing interest income
Energy Cost and Gas Supply	Energy remained 44.65% of cost of sales but rose only 6.25% while revenue rose 25.61%	Gas availability at Sokoto and Obu, the 700TPD regasification plant, and the energy mix disclosed in Q3	Energy cost growth converging on revenue growth, or supply disruption forcing a switch to costlier fuels
Capital Structure After the Record Dividend	Equity fell by 2.05% to N659.13bn, net debt rose by 46.05% to N359.65bn and debt-to-equity reached 1.01x	Further IFC drawdowns, the FY 2026 dividend proposal, and the Series 1 bond amortisation schedule	A distribution policy calibrated to earnings rather than to reserves, or leverage stabilising below 1.0x
Capacity Expansion Execution	Construction work-in-progress rose by 45.98% to N183.86bn against a stated move from 17Mta to 20Mta of installed capacity	Commissioning updates on the Ososo greenfield plant in Edo State and the timing of capitalisation from construction work-in-progress	On-schedule commissioning and a visible volume contribution, or slippage that extends the non-earning asset base
Free Float and Valuation Support	Free float of 2.31% of issued share capital, valued at N266.63bn; average daily volume of 1.36 million shares	Any change in the free float, index inclusion reviews, and the persistence of the P/B premium at 16.24x	A float increase that deepens liquidity, or a de-rating toward peer multiples as scarcity value unwinds

Source: BUA Cement Plc H1 2026 disclosures, NGX filings and Proshare Research

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Closing Thoughts and Forward Outlook

BUA Cement starts the second half of 2026 with its highest margins ever as a listed company, along with a new bulk cement revenue stream. The operating achievement: a 2.70% rise in cost of sales contrasted with a 25.61% increase in revenue. A 22.17% drop in operation and maintenance costs and a 6.25% rise in energy costs show active cost management rather than passive absorption. The Q2 2026 gross margin of 60.20% indicates ongoing improvement at mid-year.

The concerns primarily focus on durability and funding issues rather than the operating results. Of the N169.63bn increase in profit before tax, about N27.76bn stemmed from foreign exchange and finance income, with an additional N16.00bn coming from lower finance costs. Consequently, N43.76bn (25.80%) of the pre-tax gain originated outside the operating line. The 15.49% effective tax rate relies on a deferred credit which might not recur in the same way, even as cash taxes rise. Additionally, the decision to distribute N338.64bn, exceeding the company's earnings, and to replace it with N233.27bn in new debt reduced equity, increased net debt by 46.05%, and maintained the Ososo expansion on the balance sheet.

Relative to its peers, BUA Cement delivered the fastest profit growth and the highest operating and net margins of the three and is priced accordingly at 32.94x unannualised earnings and 16.24x book on a free float of 2.31%. Whether the effective tax rate normalises, whether the FX gain repeats, whether bulk cement scales beyond 5.51% of revenue, and how the capacity programme is funded from a smaller equity base are the four questions that will decide whether the H1 2026 multiple survives the second half.

External References

1. *BUA Cement Plc H1 2026 Unaudited Financial Statements for the Three Months and Six Months Ended 30 June 2026*
2. *BUA Cement Plc H1 2026 Earnings Press Release*
3. *BUA Cement Plc H1 2025 Unaudited Financial Statements for the Period Ended 30 June 2025*
4. *BUA Cement's Shareholders Approve N10.00 Dividend at the 10th Annual General Meeting, May 2026*
5. *BUA Cement to expand Sokoto plant with $240m investment*
6. *Corporate Disclosures - Nigerian Exchange Group*

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Related **Items.**

1. FCCPC Opens Investigation into Cement Pricing as Preliminary Review Flags Possible Market Manipulation
2. BUA Cement Plc H1 2026 Unaudited Financial Statements for the Period Ended 30th June, 2026
3. BUA Cement Plc Declares N324.88bn PAT in H1 2026 Unaudited Results; (SP: N324)
4. CardinalStone: BUA Cement: Higher pricing and FX tailwinds lift H1'26 earnings
5. BUA Cement Excites Shareholders with Strong 2025 Financial Performance, Approves N10.00 Dividend Per Share
6. CardinalStone: BUA Cement PLC: Lower Cost Pressures and FX Gains Drive Impressive Margin Expansion
7. BUA Cement FY 2025: Profit Quadruples on FX Tailwind as Operating Leverage Deepens, but Earnings Quality Demands Scrutiny
8. BUA Cement Plc 9M 2025 Results: Earnings and Market Expansion Drive Robust Profitability and Investor Optimism
9. BUA Cement H1 2025 Result: Top-line Earnings Growth Spurs Triple-digit Rise in Pre- and Post-Tax Profits
10. BUA Cement Plc: Margin Recovery Sets the Pace for H2
11. BUA Cement Plc Earnings Rebound on Stronger Fundamentals
12. Resolutions Passed at the 9th Annual General Meeting of BUA Cement Plc
13. BUA Cement: Stellar Q1 2025 Earnings Prompt Upward Review
14. BUA Cement Q1 2025 Report: Fall in FX Loss Drives Triple-Digit Profit Growth
15. BUA Cement Plc Declares N81.12bn PAT in Q1 2025 Unaudited Results, (SP: N83.70k)
16. BUA Cement FY 2024 Result: Revenue Rises by 90.54% as Operating Margins Weaken
17. BUA Cement 9M 2024 Result: Revenue Hits 73.71% as Inventory Turnover Declines
18. BUA Cement Plc Declares N48.97bn PAT in Q3 2024 Results; (SP: N90)
19. Resolutions Passed at the Annual General Meeting of BUA Cement
20. BUA Cement Plc H1 2024 Unaudited Results: Higher Costs and FX Losses Pressure Earnings
21. BUA Cement Plc to Hold 8th Annual General Meeting on August 29, 2024
22. Tax Credit Scheme: BUA Cement Plc to Finance Reconstruction of Lokoja-Benin Road Okpella Section for N120bn
23. BUA Cement Plc Q1 2024 Results: +51.51% Growth in Cement Sales Pushes Revenue to N161.13bn
24. BUA Cement Plc Declares N17.97bn PAT in Q1 2024 Results,(SP:N143.2)
25. Bua Cement Plc to Hold Board Meeting on April 25, 2024
26. BUA Cement Plc Declares N69.45bn PAT in Q4 2023 Results,(SP:N143.2)
27. BUA Cement Plc Declares N69.46bn PAT in FY 2023 Audited Results; Proposes N2:00 Final Dividend,(SP:N150)
28. BUA Cement Plc to Hold Board Meeting on February 29th 2024
29. BUA Cement 9M 2023 Result: Breaking Past Cost Barriers as Revenue Grows 27.9%
30. BUA Cement Plc Declares N76.07bn PAT in 9M 2023 Results, (SP:N105.80)
31. BUA Cement Plc Announces New Price Regime of N3,500 Per Bag Effective October 2nd, 2023
32. BUA Cement Plc Holds 7th AGM, Pays Shareholders N2.80k Dividend
33. BUA Cement Shareholders Approve N2.80k Final Dividend, Targets the Completion of Two Additional Production Lines in 2024
34. BUA Cement H1 2023 Result: Top-Line Rises 17.24% as Company Battles Costs
35. BUA Cement Plc Declares N63.62bn PAT in Q2 2023 Results,(SP:N98.95k)
36. BUA Cement Board Approves Half Year 2023 Unaudited Financial Statement
37. BUA Cement Plc Postpones Board Meeting to July 24th 2023
38. IFC and Partners Support BUA Cement with $500m Facility to Boost Industrialization in Northern Nigeria and the Sahel
39. BUA CEMENT FY 2022: Working Capital Dips Despite 40.3% Rise in Revenue
40. BUA Cement Plc Declares N101.01bn PAT in 2022 Audited Results, Proposes N2.80K Final Dividend; (SP:N 99.45K)
41. BUA Cement Plc Approves 2022 Audited Financial Statement
42. BUA Cement Plc to Hold Board Meeting on February 23, 2023; Declares Closed Period

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Teslim **SHITTA-BEY**
Managing Editor/CE

Market Intelligence. | **Impact Research.** | **Digital Media.** | **Strategic Advisory.** | **Stakeholder Relations.**

Contacts.

Olufemi **AWOYEMI**, *mni*
ceo@proshare.co

Oluwadara **ONIOSUN**
counsel@proshare.co

Olajumoke **ADEYEYE**
business@proshare.co

Ottoabasi **ABASIEKONG**
news@proshare.co

www.proshare.co
+234 902 407 5284
@proshare
proshare.co
proshare.co
proshare.co

Plot 590b, Lekan Asuni
Close, Off Toyin Omotosho Street,
Omole Phase 2, Isheri Olowora
Ikeja, Lagos, Nigeria **PC: 105102**
Tel: **0700 – PROSHARE**
E-mail: info@proshare.co