

EABL PAT Jumps 38% on Strong Revenue Growth and Cost Discipline

East African Breweries Plc delivered a strong earnings performance, with profit after tax rising 37.7% year-on-year to Kes. 11.16Bn, supported by solid topline growth and improved operating leverage. Net sales increased 11.1% to Kes. 75.46Bn, driven by volume growth and favourable pricing across key markets despite a challenging macro environment. Gross profit grew 14.8% to Kes. 32.30Bn.

Profitability strengthened significantly, with earnings before interest and tax jumping 19.5% to Kes. 18.64Bn on disciplined cost management and margin expansion. Lower finance costs further supported earnings, lifting profit before tax by 35.5% to Kes. 16.46Bn. Earnings per share rose to Kes. 23.36 from Kes. 15.30, reflecting the strong bottom-line performance and operational efficiencies achieved during the period.

We maintain a **HOLD** recommendation on EABL despite the strong underlying performance, as uncertainties surrounding the East African takeover by Asahi Holdings from Diageo continue to weigh on investor sentiment. While the company delivered robust HY results, with profit after tax rising 37.7% to Kes. 11.16Bn and an interim dividend of Kes. 4.00 per share, highlighting business resilience, the market remains cautious on the implications of the ownership transition. This is despite management's assurance that the takeover will not materially affect operations or shareholder status, warranting a wait-and-see stance until greater clarity emerges.

Income Statement

East African Breweries Plc delivered a solid income performance during the period, supported by strong topline growth and improved operating leverage. Net sales increased 11.1% year-on-year to Kes. 75.46Bn, up from Kes. 67.92Bn, driven by volume growth, favourable pricing actions, and resilient consumer demand across key markets despite inflationary and currency-related pressures. The topline expansion provided a strong foundation for earnings growth, reflecting the company's pricing power and brand strength.

Profitability improved markedly, with gross profit rising 14.8% to Kes. 32.30Bn, supported by disciplined cost management and improved production efficiencies. Earnings before interest and tax expanded 19.5% to Kes. 18.64Bn from Kes. 15.59Bn, highlighting the benefits of operating leverage as revenue growth outpaced cost increases. Lower finance costs further supported earnings, helping cushion margins and strengthen overall profitability.

RECOMMENDATION:	HOLD
Bloomberg Ticker:	EABL KN
Share Stats	
Current Price	258.50
3-Month Av	244.64
6 Month Av	230.29
12 Month Av	208.33
52 Week High - High	351
52 Week High - Low	100
Issued shares Mn	790.77
Market Cap (KES Bn)	204.42
Market Cap (USD Mn)	1,584.61
P/E	11.07
PB	4.26
EPS (Annualized)	23.36

Return Performance		
Periods	EABL	NASI
3mtd PriceΔ(%ge)	11.8%	5.6%
6mtd PriceΔ(%ge)	14.4%	19.4%
YTD Δ(%ge)	(1.7%)	4.7%
Y/Y Δ(%ge)	35.3%	52.1%

Net Revenue	11.1%
Cost of Sales	8.5%
Operating Costs	0.2%
Finance costs	(36.8%)
PBT	35.5%
PAT	37.7%
Borrowings	(5.3%)
Cash and bank balance	39.7
Fx Gains	(91.8%)
Shareholders' Equity	13.5%

KINGDOM SECURITIES

As a result, profit before tax increased 35.5% to Kes. 16.46Bn, culminating in a 37.7% rise in profit after tax to Kes. 11.16Bn. Earnings per share climbed to Kes. 23.36, reflecting the strong bottom-line performance. Overall, the income statement underscores a robust earnings rebound, driven by topline momentum, margin expansion, and improved cost efficiency.

Balance Sheet

East African Breweries Plc's balance sheet remained stable over the period, reflecting prudent capital management and steady asset growth. Total assets increased 7.2% year-on-year to Kes. 140.56Bn from Kes. 131.09Bn, supported by improved cash balances and sustained investment in core operations.

Cash and cash equivalents rose 39.7% to Kes. 17.81Bn, enhancing liquidity and providing balance sheet flexibility amid a volatile operating environment. Shareholders' equity strengthened by 13.5% to Kes. 47.99Bn, underpinned by retained earnings following the strong profitability recorded during the period.

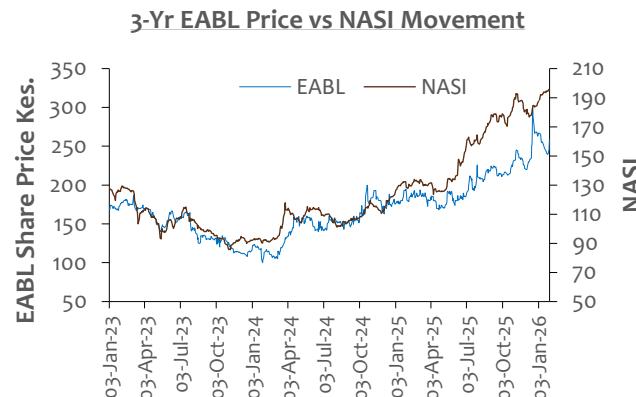
Leverage metrics improved modestly, with total borrowings declining 5.3% to Kes. 40.03Bn from Kes. 42.29Bn, reflecting disciplined debt management and lower funding requirements. The combination of rising equity and reduced borrowings points to an improving capital structure and balance sheet efficiency.

Overall, EABL's balance sheet position remained resilient, providing a solid foundation to support ongoing operations, shareholder distributions, and future growth initiatives.

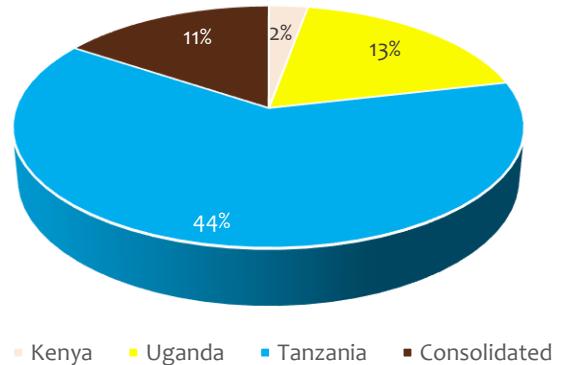
Key Ratios

EABL's profitability and efficiency ratios strengthened year-on-year, reflecting improved earnings performance and better asset utilisation. Gross margin expanded to 42.8% in H1 2026 from 41.4% in H1 2025, signalling improved pricing discipline and cost management. Returns also improved meaningfully, with return on assets rising to 7.9% from 6.2%, while return on equity increased to 23.3% from 19.2%, mirroring the strong growth in profitability over the period.

Operational efficiency showed further improvement, with asset turnover edging up to 53.7% from 51.8%, indicating enhanced revenue generation from the asset base. Valuation metrics reflected the earnings uplift, with the price-to-earnings ratio compressing to 11.26x from 11.47x, driven primarily by higher



Reported Growth (Kes)



■ Kenya ■ Uganda ■ Tanzania ■ Consolidated

KINGDOM SECURITIES

earnings per share, which increased to Kes. 23.36 from Kes. 15.30 in the prior year.

Balance sheet risk metrics also improved, pointing to a more conservative capital structure. The debt-to-equity ratio declined to 83.4% from 100.0%, while the debt-to-assets ratio eased to 28.5% from 32.3%, reflecting lower leverage and stronger equity backing. Shareholder returns remained stable, with the dividend payout ratio ticking up modestly to 17.1% from 16.3%, underscoring a balanced approach between reinvestment and cash returns to shareholders.

Income Statement Kes.Mn	31-Dec-24	31-Dec-25	%Change Y/Y
Net revenue	67,916	75,458	11.1%
Cost of Sales	(39,781)	(43,162)	8.5%
Operating Costs	(13,723)	(13,757)	0.2%
Fx Gains	1,177	97	(91.8%)
Net Finance Costs	(3,442)	(2,174)	(36.8%)
PBT	12,147	16,462	35.5%
Income Tax	(4,040)	(5,300)	31.2%
PAT	8,107	11,162	37.7%

Balance Sheet Kes. Mn	31-Dec-24	31-Dec-25	%Change Y/Y
Property and Equipment	75,563	76,593	1.4%
Inventories	15,871	15,194	(4.3%)
Trade and other receivables	16,497	20,199	22.4%
Cash and bank balances	12,745	17,806	39.7%
Total Assets	131,090	140,560	7.2%
Trade and other payables	37,597	42,997	14.4%
Borrowings	42,290	40,029	-5.3%
Other liabilities	8,916	9,440	5.9%
Equity	42,286	47,989	13.5%
Total Liabilities+ Equity	131,090	140,560	7.2%

Ratios	31-Dec-24	31-Dec-25	pp.Change Y/Y
Gross Margin	41.4%	42.8%	1.4%
Return on Assets	6.2%	7.9%	1.8%
Return on Equity	19.2%	23.3%	4.1%
Asset Turnover	51.8%	53.7%	1.9%
Debt-to-Equity ratio	100.0%	83.4%	(16.6%)
Debt-to-Assets Ratio	32.3%	28.5%	(3.8%)
Price-to-earnings ratio	11.47	11.26	(0.21)
Earnings per Share	15.3	23.36	8.06
Dividend Payout ratio	16.3%	17.1%	0.8%

KINGDOM SECURITIES

Research Analyst Certification:

The research analyst(s) primarily responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all of the views expressed herein accurately reflect their personal views. Each research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the view(s) expressed by that research analyst in this research report.

Terms of Use- Disclaimer:

This research report has been prepared by Kingdom Securities Limited and is for information purposes only. This research report should not be construed as an offer or solicitation to sell or buy any investment or product. Any opinions expressed herein reflect the analyst's judgment at the date of publication and neither Kingdom Securities Limited nor any of its affiliates or employees accepts any responsibility in respect of the information or recommendations contained herein. Unless otherwise stated, the opinions contained in this material are as of the date indicated and are subject to change at any time without prior notice. Past performance is not a guarantee or indication of future results.

The information and opinions contained in this Material have been derived from sources believed to be reliable and in good faith or constitute Kingdom Securities' judgement as at the date of this research, but no warranty is made as to their accuracy and any opinions are subject to change and may be superseded without notice. In no circumstances will Kingdom Securities or its employees be liable to you for any errors or omissions in this report or for any losses you may incur in following any recommendations in the report. Kingdom Securities is a Subsidiary of Co-operative Bank of Kenya.

Kingdom Securities Ltd – A subsidiary of Co-operative Bank Limited. Co-operative Bank House- 5th floor, P.O Box 48231 - 00100 Nairobi, Kenya

Office: 0711049016 Email: info@kingdomsecurities.co.ke

Research Department

Stellah Swakei	sswakei@co-opbank.co.ke	+254711049152
Chrisanthus Lunani	clunani@co-opbank.co.ke	+254711049973

Sales Team

Dennis Langat	dlangat@co-opbank.co.ke	+254 711049592
Moffat Asena	amoffat@co-opbank.co.ke	+254 711049663
Gloria Ohito	gohito@co-opbank.co.ke	+254711049993

Client Service and Operation

info@kingdomsecurities.co.ke