

2026



# NISER ECONOMIC INTELLIGENCE REPORT

# **NISER**

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## **Economic Intelligence**

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### **Report**

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## LIST OF ACRONYMS AND ABBREVIATIONS

Acronym Full Meaning

NBS National Bureau of Statistics

CBN Central Bank of Nigeria

MPR Monetary Policy Rate

SDF Standing Deposit Facility

SLF Standing Lending Facility

GDP Gross Domestic Product

RGDP Real Gross Domestic Product

CPI Consumer Price Index

FX Foreign Exchange

I&E Investors and Exporters Window

NFEM NAFEM (FMDQ)

NSE Nigerian Stock Exchange

NSE30 NSE 30 Index

ROE Return on Equity

ROA Return on Assets

D/E Debt-to-Equity Ratio

P/E Price-to-Earnings Ratio

P/B Price-to-Book Ratio

EBITDA Earnings Before Interest, Taxes, Depreciation & Amortisation

CAR Capital Adequacy Ratio

NPL Non-Performing Loans

MPC Monetary Policy Committee

SAPZ Special Agro-Processing Zones

NATIP National Action Plan on Food and Nutrition

PIA Petroleum Industry Act

EDTI Enterprise Development and Training Institute

SME Small and Medium Enterprises

FDI Foreign Direct Investment

OMO Open Market Operations

MYTOMulti-Year Tariff Order

ICT Information and Communications Technology

QSR Quick Service Restaurant

TEU Twenty-foot Equivalent Unit

MW Megawatt

SWF Sovereign Wealth Fund

CAGRCompound Annual Growth Rate

VASP Virtual Asset Service Provider

CBDC Central Bank Digital Currency

## **EXECUTIVE SUMMARY**

### *Objectives and Scope*

This report presents a comprehensive economic intelligence analysis of Nigeria's macroeconomic environment, sectoral dynamics, firm-level performance, and equity valuation landscape. Prepared by the Nigerian Institute of Social and Economic Research (NISER), the analysis covers the period 2020 to 2025, with forward-looking forecasts extending to 2028. The report adopts a four-layer analytical framework encompassing Macro, Meso, Micro, and Valuation dimensions, which is applied to all 30 constituent companies of the Nigerian Stock Exchange 30 Index (NSE30).

The primary objectives of this report are: (i) to assess Nigeria's macroeconomic trajectory and structural dynamics over the review period; (ii) to evaluate sectoral performance and competitive positioning of key industries; (iii) to conduct firm-level financial analysis of NSE30 companies; (iv) to provide investment quality scoring and recommendations; and (v) to offer policy recommendations for monetary, fiscal, and structural reform. All data utilised in this report are secondary, sourced from the National Bureau of Statistics (NBS), Central Bank of Nigeria (CBN), TradingView, and corporate annual reports.

### *Key Findings: Macro Level*

Nigeria's real GDP grew at a compound annual rate of approximately 3.09 to 3.36 percent over the review period, recovering from the COVID-19 induced recession of 2020 when output contracted by 1.92 percent. The recovery in 2021 saw growth of 3.36 percent, followed by steady expansion of 3.10 percent (2022), 2.74 percent (2023), and 3.40 percent (2024). However, per capita GDP growth barely exceeded population growth of 2.4 to 2.5 percent, indicating limited improvement in living standards.

Inflation emerged as the most significant macroeconomic challenge, with headline CPI peaking above 40 percent in mid-2024, driven by the combined

effects of fuel subsidy removal, exchange rate unification, and structural supply constraints. The Monetary Policy Rate (MPR) was tightened aggressively from 11.5 percent to 27.5 percent, representing one of the most significant monetary tightening cycles in Nigeria's history. The naira experienced cumulative depreciation of approximately 287 percent against the US dollar between 2020 and 2024, with the most significant adjustment occurring following the FX unification in June 2023.

#### *Key Findings: Meso Level*

The services sector maintained its dominance, accounting for approximately 54 to 57 percent of GDP by 2024, with financial services and ICT as the primary growth drivers. The industrial sector experienced deceleration, contracting in relative share, a pattern consistent with the global phenomenon of premature deindustrialisation observed in many developing economies. Agriculture remained a stabilising force, growing steadily at approximately 2 percent annually, though its contribution to GDP declined in relative terms. The pattern of services-led growth with industrial sector challenges represents a mild structural transformation that aligns with broader development trends in comparable emerging market economies.

#### *Key Findings: Micro Level*

Firm-level performance across the NSE30 was divergent, reflecting varied exposure to macroeconomic headwinds and sectoral dynamics. BUA Foods Plc emerged as the standout performer with an ROE of approximately 101.5 percent, demonstrating exceptional operational efficiency in the consumer goods space. In contrast, Dangote Sugar Refinery recorded a significant decline with an ROE of approximately negative 160 percent, reflecting severe margin compression from input cost pressures and regulatory challenges. The banking sector remained profitable overall, with GTCO and Zenith Bank maintaining strong returns on equity.

### *Key Findings: Valuation Layer*

The integrated investment quality scoring framework identified Dangote Cement (score: 82) and MTN Nigeria (score: 78) as the highest-rated companies, reflecting their strong market positions, consistent profitability, and reasonable valuations. The broader NSE30 exhibited a wide dispersion of investment quality, with several companies in the consumer goods and telecommunications sectors facing structural challenges. The investment opportunity matrix identified agriculture, digital economy, energy, and real estate as high-priority sectors for strategic allocation.

### *Key Recommendations*

Priority recommendations include: (i) gradual monetary easing beginning in 2026 as inflation moderates; (ii) accelerating the Special Agro-Processing Zones (SAPZ) programme to reduce food import dependence, which reached an estimated N7.65 trillion in 2025; (iii) reviewing the bank recapitalisation framework following the March 2026 deadline; (iv) implementing structural reforms to address premature deindustrialisation; and (v) developing a Nigeria First Policy framework, which is currently not yet formally established. Portfolio allocation is recommended at 25 percent for Strong Buy positions, 35 percent for Buy, 25 percent for Hold, and 15 percent for Sell/Exit positions.

## **SECTION 1: INTRODUCTION AND METHODOLOGY**

### **1.1. Background and Objectives**

The Nigerian economy has undergone significant transformation during the 2020 to 2025 period, navigating a complex combination of domestic policy reforms and external shocks. The COVID-19 pandemic triggered a recession in 2020, followed by a robust recovery that was subsequently challenged by inflationary pressures, exchange rate adjustments, and structural reform implementation under the current administration. Understanding these dynamics at macro, meso, and micro levels is essential for evidence-based policy formulation and informed investment decision-making.

The objectives of this report are fivefold: first, to present a comprehensive analysis of Nigeria's macroeconomic performance from 2020 to 2025; second, to evaluate sectoral dynamics and industry attractiveness using meso-level analysis; third, to assess the financial performance and strategic positioning of all 30 NSE30 constituent companies; fourth, to provide an integrated investment quality scoring and valuation framework; and fifth, to offer actionable policy recommendations across monetary, fiscal, and structural dimensions.

## 1.2. Scope and Coverage

The analysis period spans 2020 to 2025, providing a five-year historical review with forward-looking forecasts extending to 2028. The geographic scope is Nigeria, with reference to global economic conditions where relevant. The coverage encompasses: macroeconomic indicators (GDP, inflation, exchange rates, interest rates); sectoral performance across eleven economic sectors; firm-level analysis of all 30 NSE30 companies; and cross-sectional equity valuation. Data limitations exist for 2025 figures, which are estimates based on available partial-year data and trend projections.

## 1.3. Data Sources

All data utilised in this report are secondary. Macroeconomic data are sourced from the National Bureau of Statistics (NBS) and the Central Bank of Nigeria (CBN). Financial market data, including stock prices and trading multiples, are sourced from TradingView and the Nigerian Exchange Group (NGX). Company-level financial statements are obtained from published annual reports and regulatory filings. MPC decision data are sourced from official CBN communiqués. No primary data collection was conducted for this report.

#### 1.4. Analytical Framework

This report adopts a four-layer analytical framework that provides a structured approach to economic intelligence:

<b>Layer</b>	<b>Unit of Analysis</b>	<b>Focus</b>	<b>Key Indicators</b>	<b>Output</b>
Macro Analysis	Global and national economy	Economic forces	GDP, inflation, FX, rates	Economic outlook
Meso Analysis	Industry and sector	Competitive environment	Sector analysis	Industry attractiveness
Micro Analysis	Individual firm	Financial strength	Ratio analysis	Performance profile
Valuation Layer	Market pricing	Intrinsic value	DCF, relative valuation	Investment recommendation

Source: NISER

#### 1.5. Methodological Approach

The methodology combines three analytical approaches. Trend analysis examines temporal patterns in macroeconomic indicators and firm-level metrics to identify structural shifts and cyclical variations. Ratio analysis employs standard financial ratios including profitability (ROE, ROA, net margin), leverage (D/E ratio), liquidity (current ratio), and market valuation (P/E, P/B) to assess firm performance and relative value. Comparative

analysis benchmarks firms against sector peers and sector performance against national economic trends to identify outperformers and underperformers.

### 1.6 Limitations

Several limitations should be noted. First, reliance on secondary data means the analysis is constrained by the quality and timeliness of published statistics. Second, the NBS conducted a CPI rebasing exercise in September 2024, which affects comparability of inflation data across the period. Third, 2025 figures are estimates based on partial-year data and may be subject to revision. Fourth, the NSE30 captures only large-cap listed firms, and their performance may not reflect broader economic welfare given that SMEs employ over 80 percent of Nigeria's workforce. Fifth, the informal sector, estimated at 65 percent of economic activity, is not captured in the formal financial data analysed.

## **SECTION 2: FRAMEWORK ARCHITECTURE**

The four-layer analytical framework adopted in this report provides a comprehensive, top-down approach to economic intelligence. The Macro Layer examines the broader economic environment, assessing GDP performance, inflation dynamics, monetary policy, and exchange rate movements. The Meso Layer evaluates industry and sector performance, identifying competitive dynamics and structural trends. The Micro Layer conducts detailed firm-level analysis, examining financial performance, operational efficiency, and strategic positioning. The Valuation Layer integrates the preceding analysis to generate investment recommendations based on fundamental and relative valuation metrics.

This hierarchical approach ensures that firm-level analysis is grounded in an understanding of the macroeconomic and sectoral context, while valuation recommendations reflect both company-specific factors and broader market conditions. The framework acknowledges that large firms in Nigeria operate

in concentrated, oligopolistic markets, and their performance may not be representative of broader economic welfare.

## **PART I: MACRO ANALYSIS**

### **Section 3: GDP Performance and Structural Dynamics**

#### **3.1. Overall Real GDP Output and Growth (2020-2025)**

Nigeria's real GDP at 2010 constant basic prices contracted by 1.92 percent in 2020, marking the country's deepest recession since 1987. The COVID-19 pandemic, coupled with a sharp decline in global oil demand and prices, drove the contraction. The economy recovered strongly in 2021, posting growth of 3.36 percent, before settling into a steady expansion path of 3.10 percent (2022), 2.74 percent (2023), and an estimated 3.40 percent (2024). By 2024, real GDP output reached approximately NGN 79.29 trillion.

Table 3.1: Nigeria Real GDP Output and Growth, 2020-2024

<b>Year</b>	<b>RGDP (NGN M)</b>	<b>Change (NGN M)</b>	<b>Growth Rate (%)</b>
2020	70,014,371.85	-	-1.92
2021	72,393,673.44	2,379,301.59	3.36
2022	74,639,468.94	2,245,795.50	3.1
2023	76,684,940.77	2,045,471.83	2.74
2024	79,289,392.63	2,604,451.86	3.4
2025 (Est.)	81,826,653.19	2,537,260.56	3.2

Source: CBN, 2025

While the headline growth figures appear modestly positive, a per capita analysis reveals a more nuanced picture. With population growth estimated at 2.4 to 2.5 percent annually, per capita GDP growth has been barely positive, suggesting limited improvement in average living standards. The GDP growth trajectory remains below the government's target of 6 to 7 percent, reflecting structural constraints including infrastructure deficits, security challenges, and an unfavourable business environment.

#### **3.2 Sectoral Growth Dynamics**

Sectoral growth patterns reveal a divergent economic structure. Agriculture maintained steady but decelerating growth, declining from approximately

2.13 percent in 2021 to 1.19 percent in 2024. The industrial sector was the weakest performer, contracting by 0.47 percent in 2021 and experiencing a severe decline of 4.62 percent in 2022, driven primarily by a sharp contraction in mining and quarrying. Industry recorded a modest recovery of 2.45 percent in 2024. The services sector was the strongest growth driver, expanding by 5.61 percent in 2021, 6.66 percent in 2022, 4.18 percent in 2023, and 4.70 percent in 2024.

Table 3.2: Sectoral Growth Rates, 2021-2024 (%)

<b>Sector</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Agriculture	2.13	1.88	1.13	1.19
Industry	-0.47	-4.62	0.72	2.45
Services	5.61	6.66	4.18	4.7
Total RGDP	3.36	3.1	2.74	3.4

Source: CBN, 2025

The industrial sector contraction is noteworthy but should be understood within the broader context of premature deindustrialisation, a global phenomenon documented extensively in development economics literature. Many developing economies have experienced declining industrial shares as services expand, even at relatively low-income levels. Nigeria's pattern, while concerning, is not unique and has been observed in countries such as India, Brazil, and South Africa. This structural shift requires targeted industrial policy rather than simple protectionism.

### 3.3 Structural Composition: Services Sector Growth

The structural composition of Nigeria's GDP has undergone mild transformation over the review period. The services sector expanded its share from 52.44 percent in 2020 to 56.89 percent in 2024, gaining approximately 4.45 percentage points. Industry's share declined from 21.36 percent to 18.47 percent, a contraction of 2.89 percentage points. Agriculture's share fell from 26.21 percent to 24.64 percent. This pattern of services-led growth with industrial sector contraction is consistent with premature deindustrialisation literature and reflects a mild structural transformation of the Nigerian economy.

Table 3.3: Sectoral Share of GDP, 2020-2024 (%)

Sector	2020 Share	2021 Share	2022 Share	2023 Share	2024 Share	Change (pp)
Agriculture	26.21	25.88	25.58	25.18	24.64	-1.57
Industry	21.36	20.56	19.02	18.65	18.47	-2.89
Services	52.44	53.56	55.4	56.18	56.89	4.45

Source: CBN, 2025

## Section 4: Inflation Analysis

### 4.1 Structural Inflation Breakdown

Nigeria's inflation trajectory over the 2020 to 2025 period can be characterised in three distinct phases. The first phase (2020-2021) was driven by supply shocks, including COVID-19 related disruptions, border closure effects, and FX scarcity, which pushed annual average inflation from 13.25 percent in 2020 to 16.95 percent in 2021. The second phase (2022-2023) represented a structural break, with the Russia-Ukraine war, election-related spending, and the fuel subsidy removal and FX unification of mid-2023 driving inflation to 24.70 percent in 2023. The third phase (2024 to early 2025) saw inflation peak at over 40 percent on a month-on-month basis in mid-2024, before the NBS CPI rebasing in September 2024 and base effects contributed to a moderation path.

Table 4.1: Annual Inflation Rates, 2020-2024 (%)

Year	Avg Headline	Dec Headline	Food	Core	Key Driver
2020	13.25	15.75	~17	~9	COVID-19 disruptions
2021	16.95	15.63	~20	~13	FX scarcity, border closure
2022	18.85	21.34	~23	~18	Russia-Ukraine, election
2023	24.7	28.92	~32	~22	Subsidy removal, FX unification
2024	32.15	15.44	~33	~25	FX pass-through
2025 Q1	24.47	24.23	~28	~22	Base effects, stabilisation

Source: Source: CBN, 2025

## 4.2 Food-Core Inversion and Policy Implications

A notable development in early 2025 was the historic inversion of food and core inflation, with core inflation temporarily exceeding food inflation. This inversion reflected the effectiveness of food supply interventions, harvest improvements, and the base effect from the 2024 food price peaks, combined with persistent core inflation from exchange rate pass-through and administrative price adjustments.

The scale of Nigeria's food import bill has risen dramatically, increasing from approximately NGN 2.2 trillion in 2022 to an estimated NGN 7.65 trillion in 2025, representing the highest level on record. This surge underscores the urgency of agricultural self-sufficiency programmes and the SAPZ initiative. The food import trend has significant implications for FX demand, food security, and inflation dynamics, as imported food prices are directly exposed to exchange rate movements.

## **Section 5: Interest Rate and Monetary Policy Analysis**

### 5.1 Monetary Policy Tightening

The period 2020 to 2025 witnessed one of the most significant monetary policy cycles in Nigeria's history. Beginning from an ultra-loose stance with the MPR at 11.5 percent and an asymmetric corridor of +100/-700 basis points in 2020-2021, the CBN embarked on an aggressive tightening cycle that raised the MPR to 27.5 percent by September 2024. The cumulative increase of approximately 1,600 basis points was delivered across multiple MPC meetings, with the pace of tightening accelerating significantly under the leadership of CBN Governor Cardoso from February 2024.

Table 5.1: Annual Money Market Rates, 2020-2024 (%)

<b>Year</b>	<b>MPR (End)</b>	<b>SDF</b>	<b>SLF</b>	<b>91-Day T-Bill</b>	<b>364-Day T-Bill</b>	<b>Policy Stance</b>
2020	11.5	4.5	12.5	~2	~5	Accommodative
2021	11.5	4.5	12.5	~3	~7	Hold (Accommodative)
2022	16.5	15.5	17.5	~6	~12	Tightening
2023	18.75	18.25	19.25	~10	~16	Tightening
2024	27.25	27	27.5	~18	~23	Aggressive Tightening
2025 (End)	27	26.5	27.5	~20	~24	Easing Begin

Source: Source: NBS, CBN, TradingView, Corporate Annual Reports

## 5.2 Transmission Mechanism Analysis

The monetary policy transmission mechanism exhibited significant asymmetries during the review period. Prime lending rates generally tracked the MPR upward, but maximum lending rates remained sticky in the 28 to 30 percent range despite the aggressive tightening cycle, suggesting limited pass-through to riskier borrowers. SME lending rates were effectively disconnected from monetary policy, reflecting the structural challenges faced by small businesses in accessing formal credit. The savings deposit rate showed significant lag, with commercial banks slow to pass on higher policy rates to depositors, compressing net interest margins in some cases.

## 5.3 MPC Decision Summary

The Monetary Policy Committee convened 34 meetings during the 2020 to 2026 period (January 2020 to February 2026), delivering a cumulative increase of approximately 1,600 basis points. Key decision points included: the pandemic-era cuts to 11.5 percent in 2020; the prolonged hold through 2021; the beginning of tightening in May 2022 with a 150 basis point hike; the aggressive Cardoso-era hikes beginning February 2024; and the first easing move of 50 basis points in September 2025.

Table 5.2: Selected MPC Decisions, 2020-2026

Meeting	Date	Prior MPR	Adjustment	New MPR	Key Context
273rd	May-20	12.50%	-100bps	11.50%	Pandemic recession
275th	Sept-20	12.50%	-100bps	11.50%	Deep recession
285th	May-22	11.50%	+150bps	13.00%	Inflation surge
287th	Sept-22	14.00%	+150bps	15.50%	17-yr high inflation
293rd	Feb-24	18.75%	+400bps	22.75%	28-yr high inflation
295th	May-24	24.75%	+150bps	26.25%	33-yr high inflation
297th	Sept-24	26.75%	+50bps	27.25%	Peak tightening
302nd	Sept-25	27.50%	-50bps	27.00%	First easing
304th	Feb-26	27.00%	-50bps	26.50%	Sustained easing

Source: CBN, 2026

## Section 6: Exchange Rate Dynamics

### 6.1 Naira Depreciation Trajectory

The naira experienced cumulative depreciation of approximately 287 percent against the US dollar between 2020 and 2024, representing one of the most significant currency adjustments in Nigeria's recent history. The exchange rate journey can be characterised in four distinct eras: the managed era (2020-2021) with rates around NGN 380 to 410 per dollar and multiple exchange windows; the widening gap era (2022) as the parallel market premium expanded significantly; the unification era (mid-2023) when the CBN collapsed the multiple windows into a single market rate; and the float era (2024 onwards) characterised by increased market determination and clearing of the FX backlog.

Table 6.1: I&E/NFEM Exchange Rates, 2020-2024

Year	Annual Avg (NGN/\$)	YoY Change (%)	Cumul. Deprec. (%)	End-Period Rate	Key Event
2020	382.18	N/A	0	391	COVID-19 interventions
2021	408.96	7.01	7.01	415	FX scarcity
2022	425.98	4.16	11.46	461	Rate defence
2023	645.19	51.46	68.82	897	FX unification
2024	1,478.97	129.23	287	1,535.00	Market reforms
2025 Q1	1,521.08	2.85	298	~1,500	Stabilisation

Source: CBN, 2025

## 6.2 Implications for the Real Economy

The FX adjustment had both positive and negative implications for the Nigerian economy. On the positive side, the elimination of multiple exchange rate windows removed arbitrage opportunities that had distorted resource allocation, while the weaker naira improved the competitiveness of Nigerian exports, particularly in the non-oil sector. Government revenues in naira terms benefited from the higher exchange rate, particularly for oil-related income. On the negative side, the depreciation contributed to significant cost-push inflation, compressed margins for import-dependent businesses, and severely eroded household purchasing power. The impact was particularly acute for lower-income households, for whom imported food and basic goods constitute a significant share of expenditure.

## Section 7: Macroeconomic Risk Assessment

### 7.1 Risk Assessment Matrix

Table 7.1: Macroeconomic Risk Assessment Matrix

<b>Risk Category</b>	<b>Rating</b>	<b>Key Factors</b>	<b>Outlook</b>
Currency Risk	MEDIUM	FX stability improving	Stable to improving
Interest Rate Risk	HIGH	MPR at 27%, weak transmission	Moderating
Inflation Risk	HIGH	Structural drivers persist	Moderating
Regulatory Risk	MODERATE	Policy clarity, mixed execution	Stable
Operational Risk	MODERATE	Infrastructure improving	Gradually improving
Political Risk	MEDIUM	Democratic stability	Stable

Source: Researcher, 2026

### 7.2 External Shock Scenarios

Three primary external shock scenarios are considered for the 2026 to 2028 forecast period. First, oil price volatility remains a significant risk, with a sustained decline below USD 60 per barrel potentially reducing government

revenues and widening the fiscal deficit. Second, sustained high global interest rates could constrain capital flows to emerging markets and increase debt servicing costs. Third, geopolitical disruptions, including escalation of conflicts in major oil-producing regions, could impact both supply chains and commodity prices. Each scenario has been factored into the baseline, upside, and downside forecasts presented in Section 25.

## PART II: MESO ANALYSIS

### Section 8: Sectoral Analysis Overview

#### 8.1 NSE30 Sector Composition

The NSE30 index comprises 30 constituent companies distributed across eleven sectors. The banking sector has the heaviest representation with 10 companies, reflecting its dominant role in the Nigerian economy. The remaining sectors include Consumer Goods (4 companies), Industrial Goods/Cement (3), Telecommunications (2), Oil and Gas (3), Agriculture (2), Power/Energy (2), Conglomerates (1), Hospitality (1), and Insurance (1).

Table 8.1: NSE30 Sector Composition

Sector	Companies	Count
Banking	Access, Zenith, GTCO, UBA, FBNH, Stanbic, FCMB, Fidelity, ETI, Wema	10
Consumer Goods	BUA Foods, Dangote Sugar, Nestle, Guinness	4
Industrial/Cement	Dangote Cement, BUA Cement, Lafarge	3
Oil & Gas	Aradel, Oando, Seplat	3
Telecommunications	MTN Nigeria, Airtel Africa	2
Agriculture	Okomu Oil, Presco	2
Power/Energy	Geregu, Transcorp Power	2
Conglomerates	Transcorp	1
Hospitality	Transcorp Hotels	1
Insurance	NEM Insurance	1

Source: Nigeria Exchange, 2026

#### 8.2 NSE30 Sector Performance Summary

Sector-level performance metrics reveal significant divergence. The power sector leads in average ROE at approximately 70 percent, followed by agriculture at around 62 percent. Banking sector average ROE stands at

approximately 30 percent, reflecting strong profitability amid rising interest income. The telecommunications sector shows mixed results, with MTN's positive ROE offset by Airtel's negative returns. Consumer goods present the widest dispersion, ranging from BUA Foods' exceptional 101.5 percent ROE to Dangote Sugar's deeply negative returns.

## **Section 9: Banking Sector Analysis**

### **9.1 Sector Overview**

The banking sector is the largest component of the NSE30 by number of companies (10) and carries the heaviest index weighting. Nigerian banks benefited significantly from the monetary policy tightening cycle, as the aggressive MPR increases drove a substantial expansion in net interest income. The sector's aggregate profitability improved markedly in 2023 and 2024, though the pace of improvement moderated as the cycle matured. The CBN's bank recapitalisation directive, with an original deadline of March 2026, has been a significant industry event, though the deadline has now passed and its impact is being assessed.

### **9.2 Regulatory Environment**

The CBN's recapitalisation directive required banks to meet new minimum capital requirements, with the March 2026 deadline having now passed. The objective was to strengthen the banking system's capacity to support larger transactions and enhance systemic resilience. Banks have pursued various strategies to meet the requirements, including rights issues, private placements, and retained earnings accumulation. The completion of this exercise is expected to result in a more capitalised and competitive banking sector, though it may also drive further consolidation.

### 9.3 Cross-Sector Valuation Comparison

Table 9.1: Banking Sector Valuation Comparison

<b>Bank</b>	<b>P/E</b>	<b>P/B</b>	<b>ROE (%)</b>	<b>ROA (%)</b>	<b>Net Margin (%)</b>	<b>D/E</b>	<b>Current Ratio</b>
Access Holdings	4	0.42	40.08	3	100.32	3.75	0.52
Zenith Bank	1	~1.0	~25.32	~5.30	~30.00	~11.0	~1.1
GTCO	1	0.78	63.4	9.44	148.13	0.31	0.67
UBA	4	0.45	41.91	3.79	25.71	1.72	0.43
FBN Holdings	1	0.68	32.03	2.82	64.61	2.59	0.33
Stanbic IBTC	1	1.35	31.96	3.36	30.6	2.77	0.98
FCMB	1	0.34	27.73	2.65	34.91	2.04	0.58
Fidelity Bank	4	0.8	35.97	2.63	43.26	1.35	0.51
Ecobank (ETI)	1	0.5	26.36	1	13.6	4.26	0.41
Wema Bank	1	~1.0	~1.00	~1.00	~1.00	1	~1.0

Source: TradingView, 2026

### 9.4 Individual Bank Analysis

Access Holdings Plc is the largest bank by total assets at approximately NGN 41.49 trillion. The bank demonstrated strong profitability during the review period, though its 2024 performance showed signs of a profitability wall as the benefits of monetary tightening began to plateau. With a D/E ratio of 3.75x, Access maintains moderate leverage. The bank's pan-African expansion strategy and diversification into payment services provide growth avenues but also introduce execution risk.

Zenith Bank Plc is widely regarded as the most profitable and conservatively managed bank in Nigeria, with an estimated ROE of approximately 25.32 percent. The bank maintains a strong risk culture, conservative lending practices, and a robust capital base. Its D/E ratio of approximately 11x reflects its significant deposit-funded balance sheet. Zenith's consistent dividend policy and market-leading position make it a benchmark for the sector.

Guaranty Trust Holding Company (GTCO) Plc stands out for its exceptional operational efficiency, with the highest ROE among major banks at approximately 63.40 percent and the lowest D/E ratio at 0.31x. GTCO's lean management structure and focus on digital banking have positioned it as a

cost leader. The bank's holding company structure has enabled diversification into fund management and payment services, creating additional revenue streams.

United Bank for Africa (UBA) Plc maintains a pan-African strategy with operations in 20 countries across the continent. Its ROE of approximately 18.04 percent and D/E of 1.72x reflect a balanced approach to growth and risk management. The African expansion provides geographic diversification but also exposes the bank to sovereign and currency risks across multiple jurisdictions.

The remaining banks, including FBN Holdings (restructuring ongoing, D/E 2.59x), Stanbic IBTC (niche positioning, D/E 2.77x), FCMB (mid-tier growth, D/E 2.04x), Fidelity Bank (strong performer, ROE 22.7 percent, D/E 1.35x), Ecobank Transnational (pan-African, D/E 4.26x), and Wema Bank (digital-focused, smallest balance sheet), each occupy distinct niches within the Nigerian banking landscape.

## **Section 10: Telecommunications Sector**

### 10.1 Sector Overview

The Nigerian telecommunications sector is dominated by two major operators listed on the NSE30: MTN Nigeria Communications Plc and Airtel Africa Plc. The sector is a significant contributor to GDP, with the ICT sub-sector accounting for approximately 17.68 percent of GDP by 2024. The sector faces challenges including FX losses from tower lease payments, regulatory headwinds, and intense competition, while benefiting from Nigeria's large and growing subscriber base.

### 10.2 MTN Nigeria Communications Plc

MTN Nigeria is the largest mobile network operator in Nigeria with approximately 78 million subscribers. The company has faced significant challenges from FX-denominated costs, particularly tower lease obligations, which have resulted in substantial foreign exchange losses. While MTN

maintains market leadership and a strong brand position, its reported financial metrics have been significantly impacted by the naira depreciation. The company's P/E ratio of approximately 1 and P/B of 30.26 reflect these challenges, though its underlying operational performance and market position remain strong.

### 10.3 Airtel Africa Plc

Airtel Africa operates across 14 African countries, with Nigeria as its largest market. The company has reported negative ROE of approximately negative 5.67 percent and negative net margins, reflecting severe FX-related losses across its operating jurisdictions. Airtel's P/B of 2.32 and D/E of 2.07x suggest the market views its challenges as cyclical rather than structural. The company's pan-African diversification provides some hedge against country-specific risks but also exposes it to currency volatility across multiple markets.

## **Section 11: Industrial Goods (Cement) Sector**

### 11.1 Sector Overview

The Nigerian cement sector is a consolidated industry with three major players: Dangote Cement, BUA Cement, and Lafarge Africa (WAPCO). The sector is directly linked to construction activity and infrastructure development, making it a bellwether for Nigeria's industrialisation prospects. The sector faces both opportunities from infrastructure demand and challenges from FX exposure, energy costs, and the broader industrial sector slowdown.

### 11.2 Dangote Cement Plc

Dangote Cement is Africa's largest cement producer and a dominant player in the Nigerian market. With a P/E of approximately 4, P/B of 3.17, and ROE of 32.19 percent, the company demonstrates strong fundamental performance. Its scale advantages, including the largest production capacity in Africa, integrated operations, and strong distribution network, provide a significant

competitive moat. The company's ROA of 13.48 percent reflects efficient asset utilisation, and its D/E of 0.58x indicates conservative financial management.

### 11.3 BUA Cement Plc

BUA Cement has pursued an aggressive expansion strategy, funded partly through debt. With a P/B of 12.03 and ROE of 14.42 percent, the company's valuation reflects the market's expectation of future growth from capacity expansion. The D/E of 1.31x is moderate, though the expansion programme increases execution risk. BUA Cement's net margin of 11.15 percent is lower than Dangote's, reflecting the scaling phase of its operations.

### 11.4 Lafarge Africa Plc (WAPCO)

Lafarge Africa, the smallest of the three cement producers, operates under the Holcim group. Limited data availability constrains detailed analysis, but the company faces competitive pressure from its larger peers. Its smaller scale limits cost efficiency, though its integrated operations and established distribution provide a foundation for modest growth.

## **Section 12: Consumer Goods Sector**

### 12.1 Food Sub-sector

The consumer goods food sub-sector exhibits the widest performance dispersion across the NSE30. BUA Foods Plc is the standout performer with an exceptional ROE of approximately 101.5 percent, reflecting outstanding operational efficiency, strong brand positioning, and effective cost management in the flour and pasta segments. In stark contrast, Dangote Sugar Refinery has experienced a severe decline, reporting an ROE of approximately negative 160 percent, driven by margin compression, input cost pressures, and regulatory challenges including backward integration requirements. Nestle Nigeria has also faced challenges, with an ROE of approximately negative 67.6 percent, as rising input costs and FX exposure impacted profitability significantly. The company's high D/E of 36.95x raises concerns about financial sustainability.

## 12.2 Beverages: Guinness Nigeria Plc

Guinness Nigeria Plc has experienced sustained pressure, with an ROE of approximately negative 24.1 percent. The beverage sub-sector faces challenges including rising input costs, consumer down-trading in response to inflationary pressures, and increased competition from smaller, lower-priced brands. Guinness' D/E of approximately 1.0x reflects moderate leverage, and its P/B of 2.41 suggests the market retains some confidence in the brand's long-term value.

## Section 13: Oil & Gas Sector

### 13.1 Aradel Holdings Plc

Aradel Holdings (formerly Niger Delta Exploration and Production) is a well-managed upstream oil and gas company with an ROE of 16.28 percent and a remarkably low D/E of 0.08x, indicating minimal leverage. The company's net margin of 21.9 percent and current ratio of 3.15x reflect strong operational performance and financial prudence. The Petroleum Industry Act (PIA) and fuel subsidy removal have created a more market-oriented downstream environment that benefits integrated producers like Aradel.

### 13.2 Oando Plc

Oando Plc reported an ROE of approximately 10.6 percent, with a negligible D/E of 0.02x. The company has undergone complex corporate events including the acquisition of ConocoPhillips' Nigerian assets and the proposed merger with Aimable Energy. These transactions have created both opportunities and uncertainties, with the company's future direction dependent on the successful integration of newly acquired assets.

### 13.3 Seplat Energy Plc

Seplat Energy has faced regulatory challenges that have significantly impacted performance, with an ROE of approximately 1.47 percent. The company's regulatory disputes, including issues around its proposed acquisition of Mobil Producing Nigeria, have created uncertainty. Seplat's D/E of 0.42x and current ratio of 1.49x indicate a relatively conservative financial

position, but the regulatory headwinds have constrained its operational and financial performance.

## **Section 14: Other Sectors**

### 14.1 Agriculture

Okomu Oil Palm Plc reported an impressive ROE of approximately 53.1 percent, supported by strong commodity prices for palm oil and rubber. The company's D/E of 0.40x and current ratio of 1.48x reflect conservative financial management. Presco Plc is also a strong performer with an ROE of approximately 71.04 percent, one of the highest in the NSE30, driven by efficient plantation management and favourable pricing. Both companies benefit from Nigeria's import substitution demand for palm oil.

### 14.2 Power/Energy

Geregu Power Plc reported an ROE of approximately 76.5 percent, reflecting the attractive returns available in Nigeria's power generation sector. Transcorp Power Plc also performed well with an ROE of approximately 64.5 percent. Both companies benefit from the Multi-Year Tariff Order (MYTO) framework and the Structural Adjustment Programme for the power sector, though challenges remain in transmission and distribution.

### 14.3 Conglomerates, Hospitality, and Insurance

Transnational Corporation (Transcorp) Plc operates as a diversified conglomerate with interests in power, hospitality, and energy. Transcorp Hotels Plc operates the prestigious Transcorp Hilton Abuja and is positioned to benefit from the recovery in business travel and hospitality demand. NEM Insurance Plc reported a negative ROE of approximately negative 288.6 percent, reflecting underwriting challenges and investment losses in the insurance sector.

## **Section 15: SME and Informal Sector Discussion**

An important caveat to the NSE30 analysis is that it captures only large-cap listed firms operating in concentrated, often oligopolistic markets. Small and medium enterprises (SMEs) employ over 80 percent of Nigeria's workforce and contribute an estimated 48 percent of GDP. The informal sector, estimated at 65 percent of economic activity, is entirely outside the scope of formal financial reporting. These firms face fundamentally different dynamics: limited access to credit and foreign exchange, infrastructure constraints, regulatory burdens, and insecurity. Consequently, the strong performance of NSE30 companies may not reflect broader economic welfare, and policy recommendations based solely on large-firm analysis may be insufficiently targeted.

## **PART III: MICRO ANALYSIS - FIRM-LEVEL DEEP DIVES**

### **Section 16: Micro Analysis Framework and Firm Selection Rationale**

#### 16.1 Selection Criteria

The micro analysis in this report covers all 30 NSE30 constituent companies. Selection criteria include: membership in the NSE30 index; availability of financial data for the review period; sectoral representation across all eleven sectors; and market capitalisation significance. All 30 companies are included in the cross-sectional valuation analysis in Section 17, while detailed deep dives are provided for eight companies that are most representative of their respective sectors or that demonstrate particularly notable performance characteristics.

#### 16.2 Note on Oligopoly Market Structure

Many NSE30 companies operate in concentrated markets with limited competition. In the cement sector, three firms control virtually the entire market. In banking, the top five banks hold a dominant market share. In

telecommunications, two operators account for the majority of subscribers. This oligopolistic structure means that firm-level performance may reflect market power rather than operational efficiency, and the welfare implications for consumers and the broader economy may differ from what financial metrics alone suggest.

### 16.3 Detailed Analysis: Access Holdings Plc

Access Holdings Plc has grown to become Nigeria's largest bank by total assets, with a balance sheet of approximately NGN 41.49 trillion as of the most recent reporting period. The bank's five-year financial trajectory reflects aggressive expansion across multiple dimensions. Net interest income as a percentage of average deposits improved steadily from 5.71 percent in 2020 to 6.64 percent in 2023, before moderating slightly. The non-interest income to total revenue ratio has been volatile, ranging from 12.96 percent to over 70 percent in some periods, reflecting the contribution of one-off items including gains from subsidiary disposals.

Access Holdings' NPL ratio deteriorated from 2.0 percent in 2020 to 23.0 percent in 2023, before improving to approximately 23 percent by the most recent period, reflecting the elevated credit risk environment. The bank's loan-to-deposit ratio has remained moderate at approximately 49 percent, suggesting room for further lending growth. The D/E ratio of 3.75x reflects moderate leverage. Strategic assessment: Access Holdings' scale provides competitive advantages, but the rising NPL ratio, profitability wall in 2024, and execution risks from its diversification strategy warrant cautious positioning.

### 16.4 Detailed Analysis: Zenith Bank Plc

Zenith Bank Plc is the most profitable bank in Nigeria by profit after tax and a benchmark for the sector. The bank reported a consistent ROE of approximately 25.32 percent, underpinned by a diversified revenue base and conservative risk management. Zenith's NPL ratio has been maintained at approximately 5 percent, one of the lowest in the sector, reflecting a disciplined credit culture. The bank's D/E ratio of approximately 11x reflects

its substantial deposit base relative to equity. Strategic assessment: Zenith Bank's conservative risk culture, consistent profitability, and market-leading position support a favourable investment outlook, balancing Access Bank's more aggressive growth strategy.

#### 16.5 Detailed Analysis: Dangote Cement Plc

Dangote Cement is Africa's largest cement producer with an installed capacity of approximately 51.6 million tonnes per annum across Nigeria and Pan-African operations. The company's five-year performance shows consistent profitability with ROE of approximately 32.19 percent and net margins of approximately 25.14 percent. The P/E of approximately 4 and P/B of 3.17 suggest reasonable valuation relative to earnings and book value. Strategic assessment: Dangote Cement's scale advantage, wide distribution network, and integrated operations provide strong competitive positioning. The company is well positioned to benefit from infrastructure demand growth, though FX exposure on equipment and spare parts remains a risk factor.

#### 16.6 Detailed Analysis: BUA Cement Plc

BUA Cement has pursued aggressive capacity expansion, targeting over 20 million tonnes per annum. The company's ROE of 14.42 percent and net margin of 11.15 percent are lower than Dangote Cement's, reflecting the scaling phase of operations. The P/B of 12.03 reflects the market's expectation of future growth. D/E of 1.31x indicates moderate leverage, with debt-funded expansion increasing financial risk. Strategic assessment: BUA Cement's expansion strategy is ambitious but execution risk is elevated. The company's long-term success depends on its ability to achieve economies of scale comparable to Dangote Cement.

#### 16.7 Detailed Analysis: BUA Foods Plc

BUA Foods Plc is the standout performer in the NSE30 consumer goods sector, with an exceptional ROE of approximately 101.5 percent. The company's strong performance reflects its dominant market position in flour, pasta, and edible oils, effective cost management, and backward integration into sugar production. The company's Other Receivables balance warrants

monitoring as a potential risk area, as significant receivables could signal collection challenges or related-party transactions. Strategic assessment: BUA Foods' exceptional returns and market position justify a favourable investment rating, though valuation appears rich on a P/E basis.

#### 16.8 Detailed Analysis: Dangote Sugar Refinery Plc

Dangote Sugar Refinery has experienced a severe performance decline, with an ROE of approximately negative 160 percent. The company faces significant challenges including margin compression from rising input costs, FX exposure on imported raw materials, and regulatory requirements for backward integration into sugar cane cultivation. The D/E of 5.99x indicates elevated leverage. Strategic assessment: Dangote Sugar's operational challenges are structural and may take several years to resolve. The company's turnaround prospects depend on the success of its backward integration programme and stabilisation of the macroeconomic environment.

#### 16.9 Detailed Analysis: Airtel Africa Plc

Airtel Africa's financial performance has been significantly impacted by FX losses across its 14 African operating markets. With an ROE of negative 5.67 percent and net margin of negative 9.3 percent, the company's reported profitability has been severely affected by currency depreciation in key markets including Nigeria. The D/E of 2.07x is moderate, and the P/B of 2.32 suggests the market views current challenges as partially cyclical. Strategic assessment: Airtel's pan-African footprint provides diversification but also exposes the company to multiple currency risks. The company's mobile money operations offer a growth vector, but near-term profitability remains constrained.

#### 16.10 Detailed Analysis: MTN Nigeria Communications Plc

MTN Nigeria maintains market leadership with approximately 78 million subscribers and a strong brand position. However, the company's financial metrics have been significantly impacted by the naira depreciation, particularly from FX-denominated tower lease obligations. The P/E of approximately 1 and P/B of 30.26 reflect the distortion from the 2024 FX

losses. The company's underlying operational performance, including strong subscriber growth and ARPU trends, remains positive. Strategic assessment: MTN's market leadership and operational execution are strong, but the structural FX exposure creates ongoing earnings volatility. The company's fintech expansion through MoMo provides a long-term growth opportunity.

#### 16.11 Additional Firm Summaries

The remaining 22 NSE30 companies are summarised below. Ecobank Transnational Inc. (ROE 26.36%, D/E 4.26x) operates across 35 African countries with a complex group structure. FCMB Group (ROE 27.73%, D/E 2.04x) is a mid-tier bank with a digital-first strategy. Fidelity Bank (ROE 35.97%, D/E 1.35x) has demonstrated strong growth and earned a listing upgrade to the main board. FBN Holdings (ROE 32.03%, D/E 2.59x) continues its restructuring under new leadership. Stanbic IBTC (ROE 31.96%, D/E 2.77x) maintains a niche in investment banking and wealth management. Wema Bank (D/E 1.0x) is the smallest listed bank with a digital-focused strategy.

Lafarge Africa (WAPCO) is the smallest cement producer with limited data availability. Nestle Nigeria (ROE negative 67.6%, D/E 36.95x) faces severe profitability challenges from input costs and FX exposure. Guinness Nigeria (ROE negative 24.1%) operates in the challenging beverage segment. Aradel Holdings (ROE 16.28%, D/E 0.08x) is a well-managed upstream oil company. Oando (ROE 10.6%, D/E 0.02x) has undergone complex corporate transactions. Seplat Energy (ROE 1.47%, D/E 0.42x) faces regulatory headwinds.

Okomu Oil Palm (ROE 53.1%, D/E 0.40x) and Presco (ROE 71.04%, D/E 0.83x) are both strong performers in the agriculture sector, benefiting from palm oil import substitution demand. Geregu Power (ROE 76.5%, D/E 1.46x) and Transcorp Power (ROE 64.5%, D/E 0.49x) are attractive power generation investments. Transcorp (diversified conglomerate), Transcorp Hotels (hospitality), and NEM Insurance (ROE negative 288.6%) complete the NSE30 constituents.

## PART IV: VALUATION LAYER

### Section 17: Investment Analysis Framework

#### 17.1 Valuation Methodology

The valuation framework employed in this report combines fundamental and relative approaches. Relative valuation uses market multiples including P/E, P/B, and P/S ratios to compare firms within and across sectors. DuPont ROE decomposition provides insight into the sources of shareholder returns, breaking ROE into net profit margin, asset turnover, and financial leverage components. The investment quality score integrates quantitative metrics (profitability, valuation, leverage, growth) with qualitative factors (market position, management quality, regulatory environment) to generate a composite score for each company.

#### 17.2 Cross-Sector Valuation Comparison

Table 17.1: NSE30 Cross-Sector Valuation Comparison

Company	Sector	P/E	P/B	ROE (%)	D/E
Dangote Cement	Cement	4	3.17	32.19	0.58
BUA Cement	Cement	1	12.03	14.42	1.31
Lafarge Africa	Cement	N/A	N/A	N/A	N/A
MTN Nigeria	Telecom	1	30.26	~60	10.56
Airtel Africa	Telecom	1	2.32	-5.67	2.07
BUA Foods	Food	4	N/A	101.5	N/A
Dangote Sugar	Food	1	61.39	-160.1	5.99
Nestle Nigeria	Food	1	120.39	-67.57	36.95
Guinness	Beverages	1	2.41	-24.11	1
Access Holdings	Banking	4	0.42	40.08	3.75
Zenith Bank	Banking	1	~1.0	~25.32	~11.0
GTCO	Banking	1	0.78	63.4	0.31
UBA	Banking	4	0.45	41.91	1.72
FBN Holdings	Banking	1	0.68	32.03	2.59
Stanbic IBTC	Banking	1	1.35	31.96	2.77
FCMB	Banking	1	0.34	27.73	2.04
Fidelity Bank	Banking	4	0.8	35.97	1.35
ETI	Banking	1	0.5	26.36	4.26
Wema Bank	Banking	1	~1.0	~1.00	1
Aradel	Oil & Gas	1	1.86	16.28	0.08
Oando	Oil & Gas	1	779.43	10.6	0.02
Seplat	Oil & Gas	1	0.61	1.47	0.42
Okomu Oil	Agriculture	1	4.3	53.12	0.4

Presco	Agriculture	1	2.85	71.04	0.83
Geregu	Power	3	63.11	76.48	1.46
Transcorp Power	Power	1	36.25	64.48	0.49
Transcorp	Conglomerates	N/A	N/A	N/A	N/A
Transcorp Hotels	Hospitality	N/A	N/A	N/A	N/A
NEM Insurance	Insurance	1	2.14	-288.6	0.45

Source: TradingView, 2026

### 17.3 DuPont ROE Decomposition

The DuPont decomposition reveals the sources of ROE differences across companies. High-ROE firms like GTCO (63.40%) achieve their returns through a combination of strong net margins (148.13%) and moderate asset turnover, with minimal leverage (D/E 0.31x). In contrast, banks with higher leverage such as Zenith (D/E ~11x) generate returns primarily through financial engineering. Consumer goods firms like BUA Foods achieve exceptional ROE through operational efficiency and margin management.

## Section 18: Integrated Investment Quality Scoring

### 18.1 Scoring Methodology

The investment quality score is a composite metric ranging from 0 to 100, calculated as a weighted average of four sub-scores: Profitability (30% weight, based on ROE, ROA, net margin); Valuation (25% weight, based on P/E, P/B, EV/EBITDA); Financial Health (25% weight, based on D/E, current ratio, interest coverage); and Growth/Momentum (20% weight, based on revenue growth, earnings trajectory). Companies scoring above 75 are rated Strong Buy, 60-74 are Buy, 45-59 are Hold, and below 45 are Sell/Exit.

### 18.2 Investment Quality Scorecard

Table 18.1: NSE30 Investment Quality Scorecard

Company	Score	Rating	Profitability	Valuation	Health	Growth
Dangote Cement	82	Strong Buy	85	80	90	75
MTN Nigeria	78	Strong Buy	80	70	70	95
BUA Foods	76	Buy	95	65	70	80
Zenith Bank	74	Buy	75	80	70	72

Okomu Oil	72	Buy	85	65	85	55
Presco	71	Buy	90	60	80	55
Seplat	68	Buy	45	85	80	60
GTCO	67	Buy	90	55	75	45
Nestle	65	Buy	30	75	85	70
Geregu	64	Buy	85	50	60	65
Lafarge Africa	58	Hold	55	65	60	50
BUA Cement	57	Hold	55	50	65	60
Stanbic IBTC	55	Hold	60	—	—	—

Source: Source: NBS, CBN, TradingView, Corporate Annual Reports

## Section 19: Investment Recommendations

### 19.1 Strong Buy Recommendations

Dangote Cement (Score: 82) - Strong Buy. The company's dominant market position, consistent profitability (ROE 32.19%), reasonable valuation (P/E 4), and conservative leverage (D/E 0.58x) make it the highest-rated stock in the NSE30. The infrastructure demand outlook supports long-term growth. MTN Nigeria (Score: 78) - Strong Buy. Despite near-term FX challenges, MTN's market leadership, subscriber base of 78 million, and fintech growth potential through MoMo support a Strong Buy rating for investors with a medium to long-term horizon.

### 19.2 Buy Recommendations

Buy-rated companies include BUA Foods (Score: 76, exceptional ROE of 101.5%), Zenith Bank (Score: 74, conservative profitability), Okomu Oil (Score: 72, strong agriculture returns), Presco (Score: 71, highest agriculture ROE at 71%), Seplat (Score: 68, attractive valuation despite regulatory headwinds), GTCO (Score: 67, operational efficiency leader), Nestle (Score: 65, long-term brand value despite current losses), and Geregu (Score: 64, attractive power sector returns).

### 19.3 Hold Recommendations

Hold-rated companies include Lafarge Africa, BUA Cement, Stanbic IBTC, Access Holdings, UBA, Airtel Africa, Fidelity Bank, NEM Insurance, FCMB, Transcorp Power, and Transcorp. These companies present mixed investment

profiles with offsetting positive and negative factors that do not clearly favour either accumulation or disposal.

#### 19.4 Sell/Exit Recommendations

Sell/Exit recommendations apply to Dangote Sugar (Score: 32, deeply negative ROE, structural challenges), Guinness (Score: 30, sustained losses, consumer down-trading), and Oando (Score: 28, corporate complexity, uncertain outlook). Transcorp Hotels (Score: 27) also carries elevated risk. Investors in these companies should consider reducing exposure in favour of higher-rated alternatives.

Table 19.1: Recommended Portfolio Allocation

Category	Allocation	Rationale
Strong Buy	25%	Highest conviction; best risk-adjusted returns
Buy	35%	Attractive fundamentals; sector diversifiers
Hold	25%	Monitor; maintain existing positions
Sell/Exit	15%	Reduce exposure; reallocate to higher-rated opportunities

Source: Researcher, 2026

## **PART V: INVESTMENT OPPORTUNITY MATRIX**

### **Section 20: High-Priority Investment Opportunities**

#### 20.1 Agriculture and Agro-Processing

Agriculture represents a high-priority investment opportunity driven by Nigeria's food import dependence, which reached an estimated NGN 7.65 trillion in 2025. The SAPZ programme, aimed at creating agricultural processing hubs across the country, offers significant investment potential. Palm oil production, sugar cane cultivation, and cassava processing present particularly attractive returns. Okomu Oil and Presco demonstrate that well-managed agricultural enterprises can deliver ROE exceeding 50 percent.

#### 20.2 Digital Economy and Fintech

Nigeria's digital economy is growing rapidly, with the ICT sector contributing 17.68 percent of GDP by 2024. Mobile money, digital banking, and payment

processing are high-growth segments. MTN's MoMo and the banking sector's digital transformation represent significant investment opportunities. The regulatory environment for fintech is evolving, with the CBN developing frameworks for digital assets and payment services.

### 20.3 Energy and Renewable Power

Nigeria's power sector presents substantial investment opportunities across the value chain. Generation companies like Geregu and Transcorp Power deliver attractive returns, while transmission and distribution infrastructure requires significant investment. Renewable energy, particularly solar, is emerging as a cost-competitive alternative for off-grid and captive power applications. The PIA has created a more market-oriented downstream petroleum sector that benefits integrated operators.

### 20.4 Real Estate and Hospitality

Nigeria's housing deficit, estimated at over 20 million units, represents a significant investment opportunity. The real estate market benefits from urbanisation, population growth, and a growing middle class. The hospitality sector, including business hotels and conference facilities, is recovering from the pandemic and stands to benefit from improved infrastructure and economic growth.

### 20.5 Investment Opportunity Matrix

Table 20.1: Investment Opportunity Matrix

<b>Sector</b>	<b>Opportunity Level</b>	<b>Timeline</b>	<b>Key Drivers</b>	<b>Risk Level</b>	<b>NSE30 Proxy Companies</b>
Agriculture / Agro-Processing	High	Medium-term	Food import substitution, SAPZ	Medium	Okomu Oil, Presco
Digital Economy / Fintech	High	Short-term	ICT growth, mobile money	Low–Medium	MTN Nigeria, Guaranty Trust Holding Company

Energy / Power	Medium–High	Medium-term	MYTO, infrastructure deficit	Medium	Geregu Power, Transcorp Power
Real Estate	Medium	Long-term	Housing deficit, urbanisation	Medium–High	None (no direct NSE30 proxy)
Cement / Construction	Medium	Medium-term	Infrastructure demand	Medium	Dangote Cement
Oil & Gas	Medium	Short-term	PIA, subsidy removal	High	Aradel Holdings, Seplat Energy

Source: Researcher, 2026

## Section 21: Comprehensive Risk Assessment

The comprehensive risk assessment evaluates both macro-level and investment-specific risks. Currency risk is rated MEDIUM following the successful FX unification, though further depreciation remains possible. Interest rate risk is HIGH given the elevated MPR, though the beginning of the easing cycle in September 2025 provides some relief. Inflation risk is HIGH but moderating, with the disinflation trend expected to continue. Regulatory risk is MODERATE, with clear reform direction but mixed implementation. Operational risk is MODERATE but gradually improving, supported by infrastructure investment and the PIA framework.

Investment-specific risks include sector concentration (banking dominates the NSE30), liquidity risk in less-traded stocks, and valuation distortion from the 2024 FX losses. Oil price volatility remains a significant external risk factor, particularly for oil and gas companies and for government revenue. Global interest rate movements affect capital flows to emerging markets and debt servicing costs. Geopolitical risks, including conflicts in major oil-producing regions, could impact supply chains and commodity prices.

## **PART VI: POLICY IMPLICATIONS AND RECOMMENDATIONS**

### **Section 22: Monetary Policy Recommendations**

Priority: HIGH | Timeline: Short-term (2026)

The following monetary policy recommendations are proposed: First, continue the gradual MPR easing cycle initiated in September 2025, targeting an end-2026 rate of approximately 24 to 25 percent, provided inflation continues to moderate toward the 18 to 20 percent range. Second, improve monetary policy transmission by addressing the asymmetry between policy rate increases and lending rate adjustments, particularly for SME borrowers. Third, revisit the bank recapitalisation framework following the March 2026 deadline to assess its impact on systemic stability and credit availability. Fourth, factor in the impact of food imports on FX demand and inflation dynamics when calibrating policy responses.

### **Section 23: Fiscal Policy Recommendations**

Priority: HIGH | Timeline: Short to Medium-term

Fiscal policy recommendations include: First, maintain budget discipline by containing the fiscal deficit within sustainable bounds, leveraging the improved government revenues from the FX adjustment. Second, accelerate tax reform to broaden the tax base and improve compliance, building on the recommendations of the Taiwo Oyedele-led fiscal reform committee. Third, accelerate the SAPZ programme to reduce food import dependence, with a particular focus on staple crops where Nigeria has comparative advantage. Fourth, continue the implementation of performance-based budgeting, which is already being adopted. Fifth, note that the Nigeria First Policy framework, while frequently referenced, has not yet been formally developed or codified into specific policy measures.

## **Section 24: Structural Reform Recommendations**

Priority: MEDIUM | Timeline: Long-term

Structural reform recommendations address the long-term challenge of premature deindustrialisation and the need to build a more diversified and productive economy. First, develop a coherent industrial policy that addresses the specific challenges facing Nigerian manufacturers, including infrastructure deficits, FX access, and power costs, while linking industrialisation to infrastructure investment. Second, deepen power sector reform to improve generation, transmission, and distribution efficiency, with particular attention to reducing aggregate technical and commercial losses. Third, strengthen the education-to-employment pipeline to develop the skills needed for a modernising economy. Fourth, address security challenges that affect agricultural output and investment in conflict-prone regions. Fifth, facilitate the integration of SMEs into the formal economy through simplified regulation and improved access to finance.

## **PART VII: STRATEGIC OUTLOOK AND CONCLUSIONS**

### **Section 25: Economic Outlook 2026-2028**

#### **25.1 GDP Growth Forecast**

The baseline GDP growth forecast projects continued expansion at moderating but accelerating rates: 2026 (3.0 to 3.5%), 2027 (3.5 to 4.0%), and 2028 (4.0 to 4.5%). The acceleration assumes gradual monetary easing, sustained structural reforms, and improved investment conditions. The upside scenario, driven by faster reform implementation and higher oil prices, could see growth reach 4.5 to 5.0 percent by 2028. The downside scenario, triggered by oil price decline or geopolitical disruption, could see growth fall to 2.0 to 2.5 percent.

## 25.2 Inflation Forecast

Inflation is projected to continue its moderating trajectory: 2026 (18 to 20%), 2027 (15 to 17%), and 2028 (12 to 15%). The disinflation assumes sustained monetary tightness (albeit gradually easing), FX market stability, improved food supply from the harvest cycle and SAPZ investments, and base effects from the 2024 peak. Key upside risks to inflation include further FX depreciation, fiscal expansion, and supply chain disruptions. Downside risks include stronger-than-expected monetary policy effectiveness and faster agricultural output growth.

## 25.3 Exchange Rate Forecast

The exchange rate forecast projects continued relative stability with modest depreciation: NGN 1,500 to 1,550 per US dollar (end-2026), NGN 1,520 to 1,600 (end-2027), and NGN 1,530 to 1,650 (end-2028). The forecast assumes: maintenance of the unified FX market, continued improvement in FX inflows from portfolio investment and remittances, and moderate current account deficits. Sensitivity analysis indicates that oil price movements of plus or minus USD 10 per barrel could shift the exchange rate by approximately NGN 30 to 50 in either direction.

## 25.4 Interest Rate Forecast

The MPR is projected to decline gradually: approximately 24 to 25 percent by end-2026, 22 to 23 percent by end-2027, and 20 to 21 percent by end-2028. The easing trajectory assumes continued inflation moderation and is conditional on fiscal discipline. The pace of easing is expected to be gradual, with 25 to 50 basis point adjustments per MPC meeting, to avoid undermining the disinflation gains achieved through the aggressive tightening cycle.

## 25.5 Scenario Analysis

Table 25.1: Scenario Analysis Summary

<b>Variable</b>	<b>Baseline</b>	<b>Upside</b>	<b>Downside</b>
GDP Growth 2028	4.0–4.5%	4.5–5.0%	2.0–2.5%
Inflation 2028	12–15%	10–13%	18–22%
FX Rate 2028 (NGN/\$)	1,530–1,650	1,400–1,500	1,800–2,000
MPR 2028	20–21%	18–20%	24–27%
Oil Price Trigger	\$70–80/bbl	\$90+/bbl	\$50-/bbl
Global Rate Trigger	Gradual easing	Rapid easing	Sustained high rates
Geopolitical Trigger	Contained	Resolved	Escalation

Source: Researcher, 2026

The scenario analysis highlights the sensitivity of Nigeria's economic outlook to external factors. Oil price volatility remains the most significant external risk, with each USD 10 per barrel change in price affecting government revenues by approximately NGN 500 billion annually. Global interest rate movements affect capital flows and debt servicing costs, while geopolitical disruptions can impact both commodity prices and supply chains. The baseline scenario assumes a continuation of current trends with gradual improvement, while the upside and downside scenarios provide bounds for planning purposes.

### **Section 26: Conclusion**

This NISER Economic Intelligence Report provides a comprehensive analysis of Nigeria's economic landscape from 2020 to 2025, with forward-looking projections extending to 2028. The analysis, conducted through a four-layer Macro-Meso-Micro-Valuation framework, reveals a complex and evolving economic picture characterised by both significant challenges and notable opportunities.

At the macro level, Nigeria has demonstrated economic resilience, recovering from the COVID-19 recession and navigating the significant adjustment from fuel subsidy removal and FX unification. While GDP growth has been steady at approximately 3 to 3.4 percent, the per capita growth picture remains constrained by population growth rates. Inflation, which peaked above 40

percent, is now on a moderating trajectory, and the beginning of monetary easing in September 2025 provides tentative grounds for optimism. The exchange rate adjustment, while painful in the short term, has eliminated arbitrage and improved market transparency.

At the meso level, the pattern of services-led growth with industrial sector challenges represents a mild structural transformation consistent with premature deindustrialisation observed globally. This structural shift, while not unique to Nigeria, requires targeted policy responses including industrial policy linked to infrastructure investment, trade policy that supports import substitution, and human capital development.

At the micro level, firm-level performance across the NSE30 has been highly divergent. Companies with strong market positions, operational efficiency, and manageable FX exposure, such as Dangote Cement and BUA Foods, have delivered exceptional returns. Others, particularly in the consumer goods sector, have faced severe challenges from the macroeconomic environment. The investment quality scorecard identifies clear opportunities for strategic portfolio allocation.

Nigeria stands at a crossroads. The reform momentum of the current administration, if sustained, could set the foundation for a transition to higher, more inclusive growth. The demographic dividend, with a large and youthful population, remains a significant untapped asset. The key success factors include: sustaining the reform momentum, particularly in fiscal discipline and structural transformation; investing in human capital and physical infrastructure; addressing security challenges that constrain agricultural and industrial output; and building institutional capacity for policy implementation.

The path ahead requires coordinated action across monetary, fiscal, and structural policy dimensions, supported by private sector investment and international partnerships. The analysis and recommendations presented in this report are intended to contribute to evidence-based decision-making by

policymakers, investors, and other stakeholders in Nigeria's economic development.

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## APPENDICES

### Appendix A: Complete NSE30 Financial Data Tables

The following tables present key financial metrics for all 30 NSE30 companies in a compact format. Data represent the most recent available annual figures. Where data is unavailable (N/A), the company's most recent financial statements did not contain sufficient information for reliable estimation.

Table A.1: NSE30 Financial Metrics Summary

Company	P/E	P/B	ROE (%)	Net Margin (%)	D/E	Current Ratio
Access Holdings	4	0.42	40.1	100.3	3.75	0.52
Zenith Bank	1	~1.0	~25.3	~30.0	~11.0	~1.1
GTCO	1	0.78	63.4	148.1	0.31	0.67
UBA	4	0.45	41.9	25.7	1.72	0.43
FBN Holdings	1	0.68	32	64.6	2.59	0.33
Stanbic IBTC	1	1.35	32	30.6	2.77	0.98
FCMB	1	0.34	27.7	34.9	2.04	0.58
Fidelity Bank	4	0.8	36	43.3	1.35	0.51
ETI	1	0.5	26.4	13.6	4.26	0.41
Wema Bank	1	~1.0	~1.0	~1.0	1	~1.0
MTN Nigeria	1	30.3	~60	-51.9	10.6	0.43
Airtel Africa	1	2.32	-5.7	-9.3	2.07	0.57
BUA Foods	4	N/A	101.5	N/A	N/A	N/A
Dangote Sugar	1	61.4	-160.1	-56.2	5.99	0.62
Nestle	1	120.4	-67.6	-77.8	36.95	1.2
Guinness	1	2.41	-24.1	4.4	1	0.79
Dangote Cement	4	3.17	32.2	25.1	0.58	0.87
BUA Cement	1	12	14.4	11.2	1.31	1.14
Lafarge Africa	1	N/A	N/A	N/A	N/A	N/A
Aradel	1	1.86	16.3	21.9	0.08	3.15
Oando	1	779.4	10.6	6.5	0.02	0.34
Seplat	1	0.61	1.5	0.6	0.42	1.49

Okomu Oil	1	4.3	53.1	34.7	0.4	1.48
Presco	1	2.85	71	56.5	0.83	1.95
Geregu	3	63.1	76.5	28.7	1.46	1.63
Transcorp Power	1	36.3	64.5	29.7	0.49	1.33
Transcorp	1	N/A	N/A	N/A	N/A	N/A
Transcorp Hotels	1	N/A	N/A	N/A	N/A	N/A
NEM Insurance	1	2.14	-288.6	-22.9	0.45	0.45

Source: Source: TradingView, Corporate Annual Reports, 2025

Table A.2: NSE30 Investment Quality Scorecard

Company	Score	Rating	Profitability	Valuation	Health	Growth
Dangote Cement	82	Strong Buy	85	80	90	75
MTN Nigeria	78	Strong Buy	80	70	70	95
BUA Foods	76	Buy	95	65	70	80
Zenith Bank	74	Buy	75	80	70	72
Okomu Oil	72	Buy	85	65	85	55
Presco	71	Buy	90	60	80	55
Seplat	68	Buy	45	85	80	60
GTCO	67	Buy	90	55	75	45
Nestle	65	Buy	30	75	85	70
Geregu	64	Buy	85	50	60	65
Lafarge Africa	58	Hold	55	65	60	50
BUA Cement	57	Hold	55	50	65	60
Stanbic IBTC	55	Hold	60	55	55	50
Access Holdings	54	Hold	65	60	45	45
UBA	53	Hold	65	55	45	50
Airtel Africa	52	Hold	40	60	55	55
Fidelity Bank	51	Hold	60	55	60	30
NEM Insurance	50	Hold	25	70	65	45
FCMB	48	Hold	55	50	45	40
Transcorp Power	47	Hold	70	40	35	45
Transcorp	46	Hold	50	45	45	45
Dangote Sugar	32	Sell	5	20	30	75
Guinness	30	Sell	15	50	40	15
Oando	28	Sell	35	10	60	10
Transcorp Hotels	27	Sell	25	15	30	40

Source: Researcher, 2026

## Appendix B: CBN MPC Decisions Summary (2020-2026)

This appendix provides a summary of key MPC decisions from January 2020 to February 2026. During this period, the MPC convened 34 meetings and delivered a cumulative increase of approximately 1,600 basis points, followed

by the beginning of an easing cycle in September 2025. Full details of each MPC meeting are available in the CBN's published communiques.

Table B.1: Annual MPC Decision Summary

Year	No. of Meetings	Cumulative Change (bps)	Start MPR	End MPR	Policy Direction
2020	6	-200	13.50%	11.50%	Easing (pandemic)
2021	6	0	11.50%	11.50%	Hold (accommodative)
2022	6	500	11.50%	16.50%	Tightening
2023	5	225	16.50%	18.75%	Tightening
2024	5	850	18.75%	27.25%	Aggressive tightening
2025	5	-50	27.50%	27.00%	Easing begins
2026 (to Feb)	1	-50	27.00%	26.50%	Easing continues

Source: CBN, 2026

### Appendix C: Glossary of Financial Terms

**Return on Equity (ROE):** Net income divided by shareholders' equity, measuring profitability relative to equity investment.

**Return on Assets (ROA):** Net income divided by total assets, measuring how efficiently a company uses its assets.

**Price-to-Earnings (P/E) Ratio:** Market price per share divided by earnings per share; lower P/E may indicate undervaluation.

**Price-to-Book (P/B) Ratio:** Market price per share divided by book value per share; measures market valuation vs. accounting value.

**Debt-to-Equity (D/E) Ratio:** Total liabilities divided by shareholders' equity; measures financial leverage.

**Current Ratio:** Current assets divided by current liabilities; measures short-term liquidity (values above 1 are preferred).

**Net Profit Margin:** Net income divided by revenue; measures profitability after all expenses.

**DuPont Decomposition:** Breaking ROE into Net Margin x Asset Turnover x Equity Multiplier.

Capital Adequacy Ratio (CAR): Bank capital as a percentage of risk-weighted assets; regulatory minimum is typically 15% in Nigeria.

Non-Performing Loans (NPL): Loans where borrowers have failed to make scheduled payments for 90+ days.

CAGR: Compound Annual Growth Rate; the annualised average rate of growth over a period.

Exchange Rate Unification: The consolidation of multiple FX windows into a single market-determined rate.

