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Subject: Views of a Sales Man | Fidelity Bank H1 2024 conference call | Ongoing capital raise | Nigeria Sept Inflation 32.70% y/y | Nigerian Beverages | Nigerian Consumers
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Views of a Salesman

Conference Call

Fidelity Bank Plc H1 2024 conference call

Date: **Today, 15 October 2024**

Time: **15.00 hours Lagos | 15:00 London | 10:00 New York | 16.00 Johannesburg**

To Register: [Link](#)

Ongoing Capital Raise

Nigerian Breweries Plc Rights Issue

Offer size: **N599.1bn**

Right price: **N26.50**

Rights Basis: **Eleven (11) new ordinary shares for every Five (5) ordinary shares held as of 12 July 2024 ("Qualification Date")**

Revised Closing date: Friday, 18 October 2024

Nigeria September 2024 inflation rise to 32.70% y/y

Based on recently published data by the National Bureau of Statistics (NBS), headline inflation snapped two consecutive month of moderation and increased by 0.55 percentage points, to

32.70% y/y in September, from 32.15% y/y in August. **Our in-house forecast was 32.53% y/y** while the Bloomberg's median consensus expectation was 32.40% y/y. The renewed increase in headline inflation reflects higher fuel and other energy costs which are having a passthrough impact on the cost of transportation, food, energy, and utilities. In addition, it suggests that the increase is also in line with the flooding incidence in the major northern food-producing states capping most of the gains from the main season harvest. Accordingly, food inflation settled higher at 37.77% y/y in September from 37.52% y/y in August. However, moderation in the core inflation m/m and y/y remains unclear given that prices increased across all the sub-baskets that make up the core basket.

Nigerian Beverages [Beverage Price Tracker 3Q24](#) - Kayode Eseyin

- **We track the prices of brewers' beverage brands across Lagos supermarkets.** Our survey provides insights into the competitive landscape and its potential impact on the financial performance of the brewers we cover. Lagers dominate the beer market with a c. 70% share, followed by malt at 20% and stout at 10%. It's important to note that in-store prices for these products can vary from the brewers' suggested retail prices and are often influenced by factors such as competitor pricing, demand and stock turnover.
- **Three of the main brewers implemented ex-brewery price reviews in 3Q24 (Figure 1 on page 2).** All three brewers recorded price increases in the review quarter. Nigerian Breweries (NB) raised prices by an average of 12% (higher than the 6% price increase in the prior quarter). The average price increase implemented by International Breweries (IB) was 5%, led by the 12% increase in the price of Beta malt. We were unable to access Guinness 'pricing data, our channel checks suggest that single-digit price increases were implemented
- **The SBGS price survey indicates that retail prices of beverages increased by an average of 12% q/q, higher than the 7% increase observed prior.** Our survey reveals that prices remained largely stable in 3Q24, as manufacturers that had implemented substantial price hikes in prior quarters adopted a more cautious approach due to potential negative volume impact. This observation aligns with the August-24 and September-24 PMI reports, which indicated a slowdown in new orders.
- **Our retail survey revealed that the prices of NB's products increased by an average of 15.8% q/q.** Star 33cl cans experienced a significant 26% price increase, followed by a 23% increase for Goldberg (60cl can). NB's Gulder 44cl can reported no price increase within the period. There were no price decreases within the review period.
- **Average retail prices for IB went up by 7.7% q/q, which was higher than the 5.6% increase recorded in 2Q24.** IB's retail price adjustments were most pronounced on its 50cl Budweiser can (+26%), followed by Beta Malt 33cl can with a price increase of 10%. IB reported no price decreases within the review period.
- **Guinness Nigeria PLC (now owned by Tolaram) showed an average price increase of 5.6% q/q in 3Q24 against 4.9% in 2Q24.** Malta Guinness Herbs Lite 33cl cans reported a 59% price increase followed by Baileys Delight with a 40% surge q/q. The company, however, reported several single-digit increases across several of its products, with the

spirit brands (ex-Baileys Delight) in particular reporting an average price increase of 1% q/q.

Nigerian Consumers [Retail Price Survey 3Q24](#) - Kayode Eseyin

- **We track retail prices of food and consumer staple products at supermarkets in Lagos.** This enables us to evaluate how quickly prices are changing in relation to inflation. We also analyse prices from our consumer packaged goods (CPG) basket, comprising branded products from various consumer companies in Nigeria, to monitor the pricing trends and competitive landscape of the various product categories.
- Due to factors including competitor shop prices, demand strength, and stock turnover, the store prices of the highlighted products can sometimes vary from the recommended retail prices.
- **In 3Q24, the prices for the CPG we tracked increased by an average of 14.9% quarter on quarter (q/q), higher than the 8.9% recorded in 2Q24** on the back of price increases in several food and beverage brands such as Nestlé, Dufil, FMN, 7UP Bottling Co, NB and Guinness.
- **Our survey points to a 12.9% q/q average increase in our packaged food sub-basket in 3Q24 relative to the q/q increase of 4.4% in 2Q24**, driven by double-digit increases in beverages (13%), dairy (14%), and salt (26%). On a y/y basis, the packaged food sub-basket was up by 77% on average in the review period, led by high-double digit increases across all the food categories with beverages (98%), sugar (92%), salt (94%) and spaghetti (95%) almost doubling in price.
- **Non-alcoholic beverage prices averaged a 20.2% q/q increase, higher than the pace recorded in 2Q24 (+12.3%).** In this category, the price movement was mainly upward with the Malta Guinness Herbs Lite leading the pack with a 59% price increase. On average for the non-alcoholic category, y/y prices were up by 84.1%, lower than the 85.7% increase observed in 2Q24.
- **Home and personal care (HPC) products saw an 11.9% q/q price increase in 3Q24, lower than the 14.8% q/q average price gain in 2Q24.** The average price increase in the segment was primarily driven by a 20% increase in the bath soap category. The HPC segment witnessed a significant surge in average prices, 46% y/y, with toothpaste leading with a 74% increase.

Thank you

Best Regards

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