



STRATEGIC ENTREPRENEURIAL ANALYSIS OF GUINNESS NIGERIA PLC.

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Summary: This study presents a strategic entrepreneurial analysis of Guinness Nigeria Plc, examining its economic positioning, operational dynamics, market strategies, and contribution to national development. The analysis reveals Guinness Nigeria's resilience in navigating Nigeria's volatile macroeconomic environment, characterized by inflation, foreign exchange instability, infrastructure deficits, and regulatory shifts. As a subsidiary of Diageo Plc, Guinness benefits from global operational standards, strong governance, and technological innovation. The company's ability to adapt through local raw material sourcing, product diversification, and supply chain efficiency enhances its sustainability and competitiveness in Nigeria's brewery and beverage market.

Through extensive data drawn from financial statements, macroeconomic indicators, and industry reports, the study highlights Guinness Nigeria's significant contributions to GDP, employment creation, and household income. Its operational capacity is bolstered by three major breweries across Nigeria and a robust distribution network spanning both rural and urban regions. The analysis further explores the company's response to market dynamics, including evolving consumer preferences for health-conscious and non-alcoholic products, as well as its adaptation to digital and e-commerce trends.

A SWOT and VRIO analysis reveal that Guinness Nigeria holds several sustainable competitive advantages, particularly in brand equity, innovation, and distribution. However, challenges persist, including high production costs, limited market share in some segments, and exposure to macroeconomic shocks. Despite these, the company's commitment to corporate social responsibility, environmental sustainability, and inclusive economic participation underscores its strategic role in Nigeria's industrial development. The study concludes that Guinness Nigeria Plc's long-term viability lies in its capacity to balance innovation, local engagement, and financial discipline within an evolving business ecosystem.

Keywords: Guinness Nigeria Plc, Strategic Analysis, Beverage Industry, Nigerian Economy, Competitive Advantage.

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Introduction

Company Background

Guinness Nigeria Plc stands as one of the most iconic and enduring companies in Nigeria's manufacturing and beverage sector. Established in 1962, it is a subsidiary of Diageo Plc, a global leader in alcoholic beverages. With over six decades of operations, Guinness Nigeria has become synonymous with excellence in brewing, known for producing a wide range of high-quality alcoholic and non-alcoholic beverages that cater to diverse consumer preferences across the country.

The roots of Guinness Nigeria Plc trace back to the commissioning of its first brewery in Ikeja, Lagos, in 1962, marking the first Guinness brewery outside of Ireland and the United Kingdom. This historic milestone symbolized the company's long-term commitment to Nigeria and the broader African market. Since then, Guinness Nigeria has expanded its production capacity, with additional breweries in Benin City and Aba, enabling it to serve a vast and growing consumer base efficiently.

Guinness Nigeria's product portfolio is both diverse and dynamic, featuring globally recognized brands such as Guinness Foreign Extra Stout, Harp Lager, Smirnoff Ice, Malta Guinness, Orijin, and Dubic Malt. These products reflect a blend of global quality

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standards and local innovation, with many tailored to meet Nigerian consumers' unique tastes and cultural preferences. The company has also embraced innovation in its drive to meet evolving market trends, introducing low and non-alcoholic beverage options to appeal to health-conscious consumers.

As a subsidiary of Diageo, Guinness Nigeria benefits from strong technical expertise, global best practices, and a deep reservoir of knowledge in brand management, marketing, and corporate governance. The company has consistently demonstrated its ability to balance profitability with social responsibility, investing in local communities, sustainability initiatives, and responsible drinking campaigns.

With a strong heritage, a forward-looking strategy, and a resilient operational structure, Guinness Nigeria Plc continues to play a leading role in shaping the Nigerian beverage industry. Its commitment to innovation, quality, and sustainability remains central to its corporate strategy as it navigates the challenges and opportunities of the dynamic Nigerian market.

Macro-Economic Analysis Economic and Standards and Performance of Guinness Nigeria Plc

The macro-economic environment plays a crucial role in shaping the performance and strategic direction of businesses in Nigeria, including Guinness Nigeria Plc. As a manufacturing and consumer goods company operating within the food and beverage industry, Guinness Nigeria is significantly influenced by fluctuations in economic indicators such as inflation, interest rates, exchange rates, GDP growth, and overall consumer spending patterns. These factors determine the purchasing power of consumers, the cost of inputs, and the overall profitability of operations.

Economic Standards and Performance

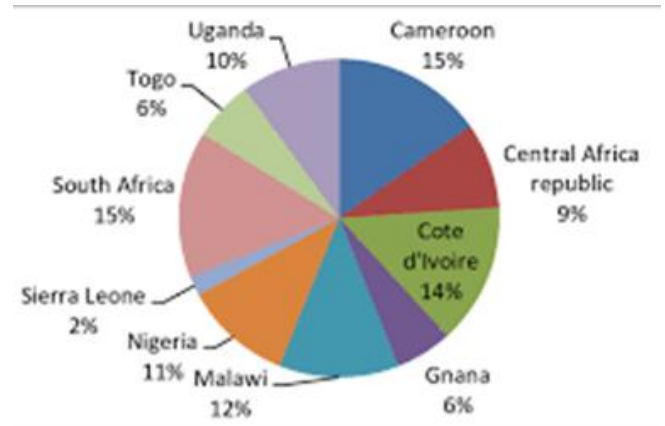
Nigeria's economic landscape over the past decade has been characterized by volatility and structural challenges. While the country possesses substantial natural and human resources, persistent macroeconomic instability has affected the performance of many firms, including those in the fast-moving consumer goods (FMCG) sector. A key economic concern has been the high inflation rate, which has remained in double digits, driven by rising food prices, foreign exchange scarcity, and high energy costs. This has eroded household disposable income, reducing consumer demand for premium products, including alcoholic beverages.

Furthermore, the persistent depreciation of the naira against major foreign currencies, especially the US dollar, has posed significant challenges for import-dependent companies like Guinness Nigeria, which relies on some imported raw materials, packaging inputs, and machinery. The resultant increase in production costs has squeezed profit margins, forcing the company to either absorb costs or pass them on to consumers through higher prices.

Interest rates have also remained relatively high, discouraging business expansion and increasing the cost of borrowing. For Guinness Nigeria, this has implications for financing operations, upgrading infrastructure, or investing in innovation and product diversification. On the broader economic front, Nigeria's GDP growth has been sluggish, often driven by the oil and gas sector, with limited contributions from manufacturing. This low level of industrial diversification and weak infrastructure continue to affect logistics and distribution efficiency.

Nonetheless, the Nigerian economy holds long-term potential due to its large and youthful population, expanding urban centers, and growing middle class. These demographic trends present opportunities for Guinness Nigeria to deepen market penetration, especially in regions experiencing urban growth and rising disposable incomes. However, sustained growth will depend on improvements in government economic policy, power supply, regulatory consistency, and foreign exchange reforms.

Nigeria and Sub-Sahara Africa (SSA) GDP Growth



Source: World Bank Report (2024)

This pie chart displays the distribution of percentages among several African countries, showing their relative shares within a given total. South Africa and Cameroon each hold the largest portions at 15 percent, suggesting they play particularly significant roles or command stronger shares in the measured category. Côte d'Ivoire follows closely with 14 percent, indicating substantial but slightly lesser weight, while Malawi and Nigeria also feature prominently at 12 and 11 percent respectively, reinforcing their importance in the overall mix. Uganda contributes 10 percent, slightly behind these leaders, and the Central African Republic holds 9 percent, showing moderate participation. Meanwhile, Togo and Ghana each represent 6 percent, marking their presence but with smaller shares, and Sierra Leone stands out with just 2 percent, suggesting a more limited role. Altogether, the chart reveals a pattern in which a few countries dominate the overall share while others contribute more modestly, reflecting regional variations in size, economic strength, or influence within the measured context.

Nigeria and SSA GDP growth 2019–2024

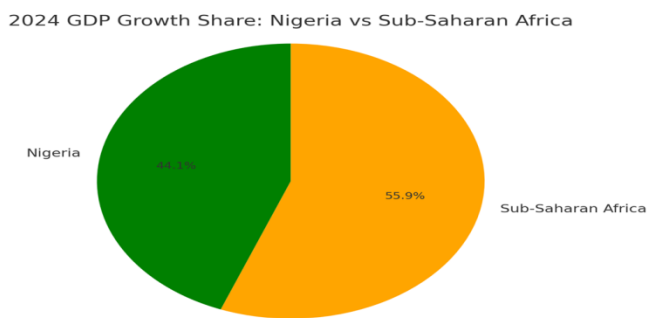
| Year | Nigeria (%) | SSA (%) |
|------|-------------|---------|
| 2019 | 2.2 | 3.2 |
| 2020 | -1.8 | -1.7 |
| 2021 | 3.6 | 4.3 |
| 2022 | 3.3 | 3.9 |
| 2023 | 2.9 | 3.3 |
| 2024 | 3.0 | 3.8 |

Source: IMF (2024)

This data compares Nigeria's GDP growth rates with those of Sub-Saharan Africa (SSA) from 2019 to 2024, showing both

similarities and differences in their economic trajectories. In 2019, Nigeria grew at 2.2 percent while SSA achieved a higher 3.2 percent, suggesting the region enjoyed stronger momentum even before the pandemic. In 2020, both experienced contractions due to COVID-19 disruptions as Nigeria's economy shrank by -1.8 percent and SSA by -1.7 percent, reflecting the shared impact of global lockdowns and reduced trade. Recovery took hold in 2021 with Nigeria rebounding to 3.6 percent although SSA still led at 4.3 percent, indicating that the region overall bounced back more robustly. By 2022, growth eased slightly to 3.3 percent for Nigeria and 3.9 percent for SSA, showing continued though moderating expansion. In 2023, both slowed further with Nigeria at 2.9 percent and SSA at 3.3 percent, highlighting ongoing challenges such as inflation or policy tightening. Projections for 2024 suggest modest improvement with Nigeria expected to grow at 3.0 percent and SSA at 3.8 percent, indicating that while Nigeria remains on a positive path, the broader region consistently outpaces it, reflecting potentially greater diversification, investment, or stability in other Sub-Saharan economies.

Fig. 2: projected GDP growth rates for 2024



This pie chart illustrates the projected GDP growth rates for 2024, comparing Nigeria and Sub-Saharan Africa as a whole. Nigeria's slice reflects a growth rate of 3.0 percent while Sub-Saharan Africa's is slightly larger at 3.8 percent, suggesting that the broader region is expected to grow at a somewhat faster pace. Although the difference is not dramatic, it hints at relatively stronger or more balanced economic momentum in the region outside Nigeria, which may be driven by factors such as diversification, better policy coordination, or post-pandemic recovery efforts in other countries. At the same time, Nigeria's growth remains positive and reasonably close to the regional average, indicating that while it may face domestic challenges like inflation, exchange rate pressures, or insecurity, it still participates in the broader trend of moderate expansion across Sub-Saharan Africa. Overall, the chart visually emphasizes that both Nigeria and the region are on a growth path in 2024, but with the region as a whole maintaining a slight edge in projected performance.

Economic Growth and GDP Trends

Nigeria's economic growth and Gross Domestic Product (GDP) trends are pivotal in assessing the operating environment for companies like Guinness Nigeria Plc. As Africa's largest economy by GDP, Nigeria's economic performance directly influences consumer spending, business investment, and overall market confidence. Over the past decade, Nigeria has experienced alternating cycles of growth and contraction, largely shaped by oil price fluctuations, global economic trends, domestic policy decisions, and structural economic challenges.

Following the 2016 recession, triggered by a sharp drop in global oil prices and reduced oil production, Nigeria's economy began a slow and fragile recovery. However, the onset of the COVID-19 pandemic in 2020 led to another economic contraction, with GDP shrinking by -1.92%. This was primarily due to disruptions in global supply chains, lockdowns, and declines in oil revenue, which collectively affected all sectors of the economy, including manufacturing and consumer goods.

In the post-pandemic era, the Nigerian economy has shown signs of gradual recovery, supported by increased oil output, improved agricultural performance, and a rebound in the services sector. According to the National Bureau of Statistics (NBS), Nigeria recorded GDP growth rates of 3.4% in 2021, 3.1% in 2022, and 2.7% in 2023. However, this growth has not been inclusive or robust enough to significantly improve living standards, reduce unemployment, or address widespread poverty. The non-oil sector, which includes manufacturing, trade, and consumer goods areas directly relevant to Guinness Nigeria continues to face major headwinds, such as poor infrastructure, high energy costs, and policy inconsistency.

For Guinness Nigeria Plc, these GDP trends signal a mixed operating environment. On one hand, economic growth though modest can spur demand for beverages, especially in urban areas with expanding populations. On the other hand, sluggish and uneven growth, compounded by inflation and low per capita income, can constrain consumer spending and reduce the appetite for premium or discretionary products like alcoholic beverages.

Moreover, the ongoing challenges with forex scarcity and naira devaluation have significantly impacted the cost of imported production inputs, further stressing operating margins. In response, Guinness Nigeria has intensified its focus on local sourcing, backward integration, and cost optimization strategies to cushion the effects of macroeconomic instability.

Inflation and Exchange Rates

Inflation and exchange rate dynamics are two of the most critical macroeconomic variables affecting business operations in Nigeria. For Guinness Nigeria Plc, which operates in a highly price-sensitive consumer market and relies partly on imported inputs, fluctuations in both inflation and foreign exchange rates have far-reaching implications on cost structures, pricing strategies, and profit margins.

Over the years, Nigeria has grappled with persistently high inflation rates, primarily driven by food inflation, energy price shocks, and structural supply-side constraints. As of 2024, inflation in Nigeria reached levels above 30%, among the highest in Sub-Saharan Africa. This elevated inflation has significantly eroded consumer purchasing power, leading to reduced demand for non-essential and premium products such as alcoholic beverages. Consumers are increasingly shifting toward more affordable alternatives, impacting the sales volumes of mid- to high-end brands within Guinness Nigeria's portfolio.

High inflation also results in increased operational costs, including the prices of raw materials, transportation, packaging, and utilities. Although Guinness Nigeria has adopted various cost-cutting and efficiency strategies, it has at times been compelled to pass on some of these cost increases to consumers through price

adjustments risking potential loss of market share to more competitively priced alternatives.

Exchange rate volatility adds another layer of complexity. The naira has experienced continued depreciation against major global currencies, particularly the US dollar. As of 2024, the naira/dollar exchange rate has crossed ₦1,400 per dollar in the parallel market, with the official rate fluctuating under managed float regimes. For a company like Guinness Nigeria that imports a significant portion of its machinery, specialty inputs, and branded packaging materials, currency depreciation has raised the cost of imported goods and increased pressure on working capital.

In addition, the scarcity of foreign exchange has led to delays in securing letters of credit and fulfilling international transactions, which disrupts production timelines and inventory management. To mitigate these risks, Guinness Nigeria has increased its focus on local sourcing and developed partnerships with domestic suppliers for raw materials such as sorghum and cassava.

Despite these challenges, Guinness Nigeria’s affiliation with Diageo Plc gives it some leverage in managing forex risks, through global procurement strategies and access to financial instruments that may not be available to smaller players. Nonetheless, the continued inflationary pressure and forex instability present substantial challenges to long-term planning and investment decisions.

Direct and Indirect Employment

Direct Employment includes Guinness Nigeria Plc’s full-time staff in production, administration, sales, and technical services. Indirect

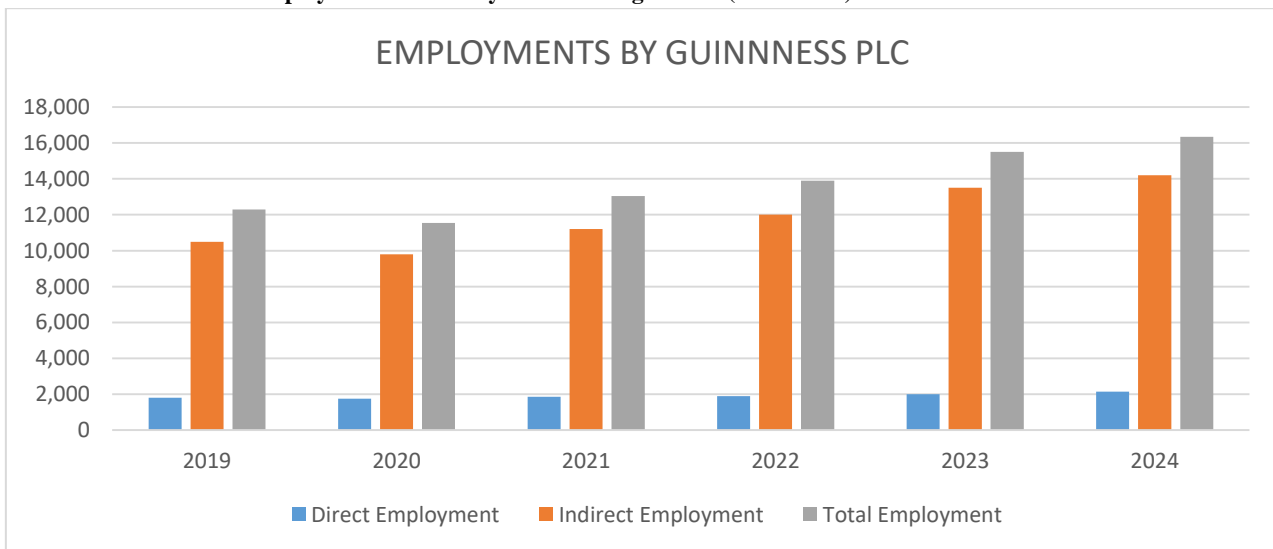
Employment encompasses jobs created through the company’s value chain: suppliers, raw material farmers, logistics providers, distributors, and retail partners. The slight decline in 2020 reflects the economic impact of the COVID-19 pandemic, while the rise from 2021 onward mirrors recovery, investment in local sourcing, and expanded operations. The details can be found below:

Table 2: Direct and Indirect Employment Created by Guinness Nigeria Plc (2019-2024)

| Year | Direct Employment | Indirect Employment | Total Employment |
|------|-------------------|---------------------|------------------|
| 2019 | 1,800 | 10,500 | 12,300 |
| 2020 | 1,750 | 9,800 | 11,550 |
| 2021 | 1,850 | 11,200 | 13,050 |
| 2022 | 1,900 | 12,000 | 13,900 |
| 2023 | 2,000 | 13,500 | 15,500 |
| 2024 | 2,150 | 14,200 | 16,350 |

Source: NBS (2024).

Figure 2: Direct and Indirect Employment Created by Guinness Nigeria Plc (2019–2024)



Source: NBS (2024)

Fig., 2 illustrates the levels of direct, indirect, and total employment generated by Guinness Nigeria Plc from 2019 to 2024. The data reveals a clear upward trend in total employment over the six-year period, highlighting the company’s growing contribution to job creation in Nigeria. In 2019, Guinness Plc directly employed approximately 1,800 individuals, while supporting over 10,500 indirect jobs through its supply chain, distributors, and other stakeholders, totaling around 12,300 jobs.

In 2020, employment figures saw a slight decline, likely due to the economic slowdown triggered by the COVID-19 pandemic. However, the company maintained relatively stable direct employment levels while indirect employment dropped modestly. This suggests resilience in its core workforce despite external economic pressures.

From 2021 onwards, the company experienced a steady increase in employment. Direct jobs grew gradually each year, while indirect

employment expanded more significantly indicating a wider reach into the economy through partnerships with farmers, transporters, retailers, and service providers. By 2024, total employment reached over 16,000, with indirect employment accounting for the majority of this growth.

Generally, the chart underscores Guinness Nigeria Plc's important role in supporting the Nigerian labor market. Its employment impact extends beyond its internal operations, demonstrating how large-scale manufacturers can drive inclusive economic development by fostering both formal employment and broad-based supply chain engagement.

Unemployment and Income Levels

Unemployment and income levels in Nigeria are key socio-economic indicators that significantly influence consumer behavior and market dynamics, particularly for companies like Guinness Nigeria Plc operating in the fast-moving consumer goods (FMCG) sector. High unemployment and low income levels have a direct impact on household purchasing power, demand patterns, and brand loyalty.

Nigeria continues to face severe unemployment challenges, especially among its youthful population. According to data from the National Bureau of Statistics (NBS), the unemployment rate has remained elevated, with youth unemployment reaching over 40% in recent years. Underemployment and informal employment are also widespread, reflecting structural weaknesses in the labor market. This situation contributes to economic insecurity and reduces consumer confidence, making individuals less likely to spend on non-essential goods such as alcoholic beverages.

For Guinness Nigeria, these conditions create a demand-side constraint. With limited disposable income, many consumers gravitate toward cheaper local substitutes or reduce overall consumption. This affects premium brands within Guinness Nigeria's portfolio, such as Guinness Foreign Extra Stout and Smirnoff Ice, which may be perceived as luxury or aspirational products in a market characterized by declining real incomes.

Furthermore, rising inflation and stagnant wages have compounded the decline in real income levels. This means that even employed individuals have less spending power due to the increased cost of living. The result is a shift in consumer preferences toward affordability and value-for-money options. Recognizing this trend, Guinness Nigeria has diversified its product offerings to include lower-cost variants and smaller packaging sizes to maintain market relevance and accessibility.

Nevertheless, despite the overall pressure on income levels, there remains a segment of urban, middle-income consumers who continue to seek quality and brand prestige segments that Guinness Nigeria targets with its premium and innovative product lines. Additionally, the company's non-alcoholic beverages, such as Malta Guinness and Dubic Malt, appeal to a broader demographic and help cushion revenue in periods of economic downturn.

Infrastructure Deficits and Energy Challenges

Infrastructure deficits and persistent energy challenges represent some of the most formidable obstacles facing the manufacturing and consumer goods sector in Nigeria. For Guinness Nigeria Plc, these systemic issues have a profound impact on production efficiency, distribution capabilities, and overall operational costs.

One of the most significant infrastructural challenges in Nigeria is the inadequate and poorly maintained road network. The transportation of raw materials and finished goods across the country is frequently delayed or disrupted due to the poor state of federal and state roads, especially in high-volume commercial corridors. This not only affects delivery timelines but also increases vehicle maintenance costs and fuel consumption. For a company like Guinness Nigeria, which distributes its products nationwide, these delays can lead to stock outs, reduced product availability, and compromised customer satisfaction.

Port inefficiencies also contribute to the logistical bottlenecks. Congestion, lengthy customs clearance processes, and bureaucratic red tape at Nigeria's major ports especially the Apapa and Tin Can Island ports in Lagos often result in prolonged delays for imported raw materials and equipment. These delays disrupt production schedules and inventory management, increasing operational risks for manufacturers dependent on global supply chains.

Energy supply remains another critical issue. Despite being an oil-rich country, Nigeria suffers from chronic electricity shortages, with national grid supply being grossly inadequate and unreliable. As a result, most manufacturing companies, including Guinness Nigeria, rely heavily on self-generated power using diesel or gas-powered generators. This reliance substantially increases production costs and undermines competitiveness, particularly when compared to peers in countries with more stable and affordable energy infrastructure.

The cost of alternative energy sources is further exacerbated by fuel subsidy removals and exchange rate fluctuations, making energy one of the highest cost drivers in the production value chain. Moreover, inconsistent electricity supply also affects machinery uptime, increases maintenance needs, and reduces overall productivity.

In response to these challenges, Guinness Nigeria has made efforts to invest in energy efficiency and sustainability initiatives. This includes exploring renewable energy options, improving energy management systems, and optimizing production processes to minimize waste and cost. Additionally, the company's strategy increasingly emphasizes local sourcing of inputs and decentralized production to reduce dependency on vulnerable supply chains and mitigate the impact of infrastructural bottlenecks.

Government Policies and Economic Reforms

Government policies and economic reforms in Nigeria play a critical role in shaping the operational environment for businesses, particularly large-scale manufacturers like Guinness Nigeria Plc. As a company within the regulated food and beverage industry, Guinness is directly affected by fiscal policies, regulatory frameworks, tax regimes, trade policies, and sector-specific interventions driven by both federal and state governments.

Over the years, Nigeria has introduced a series of economic reforms aimed at stabilizing the macroeconomic environment, encouraging industrial growth, and attracting foreign investment. Key among these are policies related to foreign exchange management, trade liberalization, fiscal discipline, and ease of doing business. However, the outcomes of these reforms have often been mixed due to inconsistent implementation, policy reversals, and weak institutional frameworks.

One of the most impactful policy areas for Guinness Nigeria is the foreign exchange regime. The Central Bank of Nigeria (CBN) has, at various times, imposed restrictions on access to foreign exchange for certain imported goods in a bid to conserve foreign reserves and promote local manufacturing. While this has encouraged some level of backward integration, it has also created bottlenecks for companies reliant on imported machinery or specialized raw materials. Currency volatility and limited access to forex have contributed to cost unpredictability and planning difficulties for firms like Guinness.

Tax policy is another area of interest. The Nigerian government has implemented several tax reforms, including the increase in Value Added Tax (VAT) from 5% to 7.5% in 2020, as well as efforts to broaden the tax base through digital tax compliance and enforcement. While these efforts aim to boost government revenue, they also place an additional financial burden on manufacturers and consumers. Guinness Nigeria, as a tax-compliant multinational, faces significant regulatory scrutiny and must continually adapt its pricing and compliance strategies to maintain profitability without alienating price-sensitive consumers.

In addition, health-focused policies such as proposed excise duties on sugar-sweetened beverages and alcoholic products pose challenges for beverage companies. These excise taxes, intended to curb public health issues such as obesity and excessive alcohol consumption, can increase product prices and reduce demand. For Guinness Nigeria, balancing public policy objectives with business sustainability requires strategic product diversification, packaging innovation, and public relations engagement.

On a positive note, the government has made strides in improving the ease of doing business through initiatives led by the Presidential Enabling Business Environment Council (PEBEC). These reforms target bureaucratic bottlenecks in business registration, property acquisition, port operations, and tax administration. While progress has been made, infrastructural limitations and regulatory inefficiencies remain barriers to full policy effectiveness.

Industry’s Contribution to GDP

The manufacturing sector, which includes the beverage and brewing industry, plays a significant role in Nigeria’s economic

structure, though its full potential remains underutilized due to systemic challenges. According to the National Bureau of Statistics (NBS), the manufacturing sector contributed approximately 9–10% to Nigeria’s Gross Domestic Product (GDP) as of recent years, with food, beverage, and tobacco manufacturing forming one of the largest and most active subsectors within this category.

The beverage segment, which includes breweries, is a vital part of this contribution. Companies like Guinness Nigeria Plc are among the top players driving value addition, job creation, and export earnings within this subsector. The industry supports a wide supply chain network from local farmers growing sorghum and cassava, to packaging companies, logistics providers, and retail distributors. This interconnectedness amplifies its multiplier effect on the economy.

Guinness Nigeria, as part of this ecosystem, contributes significantly through the production of alcoholic and non-alcoholic beverages, local sourcing of raw materials, and tax remittances. The company’s operations also foster backward integration, enhance skills transfer, and promote industrial development. As a subsidiary of Diageo Plc, it additionally brings in foreign direct investment and introduces international best practices into Nigeria’s brewing industry.

Despite these contributions, the full capacity of the industry is constrained by macroeconomic instability, foreign exchange challenges, inflation, poor infrastructure, and inconsistent policy environments. These factors limit scalability and discourage new investment in large-scale manufacturing operations. Nonetheless, the brewing industry remains a cornerstone of the non-oil sector and a critical component of efforts to diversify Nigeria’s economy away from crude oil dependence.

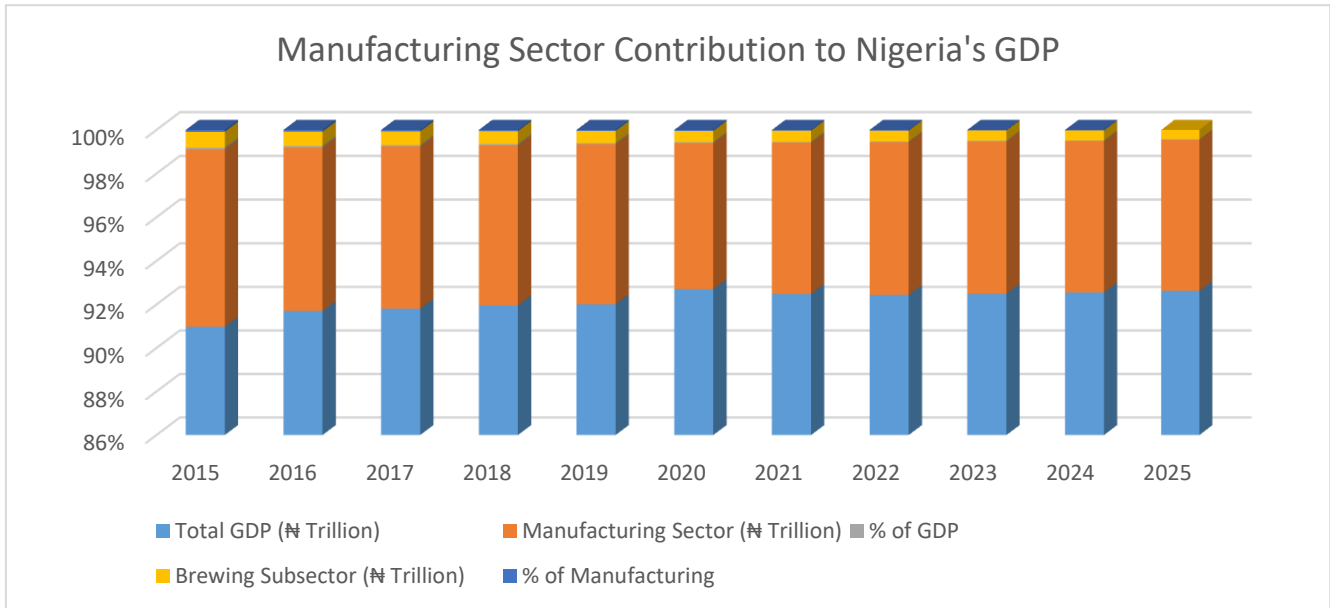
In essence, while the industry’s contribution to GDP may appear modest in numerical terms, its strategic importance lies in its high employment intensity, broad value chain, and potential for driving inclusive economic growth. With more stable economic policies and improved infrastructure, the sector and by extension, Guinness Nigeria Plc could expand its footprint and play an even more substantial role in national development. Find the analysis below:

Table 1: Contribution of the Manufacturing sector and Brewing to Nigeria's GDP (2015-2025)

| Year | Total GDP (₦ Trillion) | Manufacturing Sector (₦ Trillion) | % of GDP | Brewing Subsector (₦ Trillion) | % of Manufacturing |
|-------|------------------------|-----------------------------------|----------|--------------------------------|--------------------|
| 2015 | 94.1 | 8.4 | 8.9% | 0.75 | 8.9% |
| 2016 | 101.6 | 8.3 | 8.2% | 0.73 | 8.8% |
| 2017 | 113.7 | 9.2 | 8.1% | 0.78 | 8.5% |
| 2018 | 127.8 | 10.2 | 8.0% | 0.82 | 8.0% |
| 2019 | 144.2 | 11.5 | 8.0% | 0.87 | 7.6% |
| 2020 | 152.3 | 11.0 | 7.2% | 0.84 | 7.6% |
| 2021 | 173.5 | 13.0 | 7.5% | 0.95 | 7.3% |
| 2022 | 199.2 | 15.1 | 7.6% | 1.06 | 7.0% |
| 2023 | 222.5 | 16.8 | 7.5% | 1.12 | 6.7% |
| 2024* | 240.1 | 18.0 | 7.5% | 1.18 | 6.6% |
| 2025* | 258.3 | 19.3 | 7.5% | 1.2* | |

Source: Nigerian Bureau of Statistics (NBS, 2024)

Figure 1: Contribution of the Service sector and Aviation to Nigeria's GDP (2015-2025)



The Table 1 and Fig I, illustrates the relative contributions of the total GDP, the manufacturing sector, and the brewing subsector from 2015 to 2025. The visual representation uses stacked columns to show the proportion of each component within the overall GDP, with values normalized to a percentage scale.

From the chart, it is evident that the manufacturing sector consistently contributes a modest portion of Nigeria’s GDP over the observed period. The orange segment of each bar, representing the manufacturing sector in trillions of naira, appears relatively stable across the years, with slight incremental growth. However, its share as a percentage of GDP shows a gentle decline over time, reflecting the broader expansion of GDP at a pace outstripping growth in manufacturing.

The brewing subsector, depicted in yellow, occupies a narrow segment of the manufacturing component. While it maintains a visible contribution, it remains one of the smaller constituents of the total economic output. This reflects the industry’s limited but consistent influence within the broader manufacturing landscape.

Notably, the blue and dark blue shades represent the total GDP and the brewing subsector’s percentage contribution to manufacturing, respectively. Over the ten-year span, although absolute values increase, the percentage shares highlight structural challenges in the sector’s capacity to grow proportionately with the national economy. The brewing subsector’s contribution, in particular, slightly tapers off as a percentage of the manufacturing output, suggesting either slower growth or intensified competition within the subsector.

Besides, the chart demonstrates that while the manufacturing sector, and specifically the brewing industry, remains an integral part of Nigeria’s economic fabric, its relative contribution is under pressure. This trend signals a need for policy intervention, industrial innovation, and infrastructural investment to stimulate more robust growth in this value-adding segment of the economy.

1. Dominance of the Manufacturing Sector

The manufacturing sector in Nigeria, though not the largest contributor to GDP, holds a dominant position among non-oil

sectors due to its critical role in driving industrialization, employment, and value addition. Its significance stems from its ability to transform raw materials into finished goods, stimulate backward and forward linkages, and support a wide array of supporting industries, including packaging, logistics, distribution, and retail.

Over the years, the sector has remained a cornerstone of Nigeria’s diversification agenda, particularly as the country seeks to reduce its dependence on crude oil exports. Within the sector, key subsectors such as food, beverages, and tobacco where companies like Guinness Nigeria Plc operate command a substantial share of activity and revenue. This dominance is reflected in the sector’s capacity to absorb labor, support local raw material sourcing, and provide goods for both domestic consumption and export.

Despite facing numerous constraints such as power supply issues, high production costs, foreign exchange scarcity, and regulatory uncertainties, the manufacturing sector continues to outperform many other sectors in terms of formal employment and industrial output. Its importance became even more evident during periods of economic downturn, where it provided some level of stability and resilience amid volatility in global oil markets.

The dominance of the sector is also evident in its multiplier effect. Growth in manufacturing drives demand across various value chains, including agriculture (for raw materials like sorghum, cassava, and maize), services (such as advertising, transport, and logistics), and finance (through loans, insurance, and investments). This cross-sectoral influence amplifies the manufacturing sector’s strategic role in Nigeria’s economic transformation and sustainable development goals.

For Guinness Nigeria Plc and similar firms, this dominance translates to opportunities and challenges. As a major player within the beverage manufacturing subsector, Guinness benefits from strong brand recognition, extensive distribution channels, and consumer loyalty. However, the company must continually adapt to macroeconomic shifts, regulatory pressures, and rising competition to maintain its relevance and competitive edge within the broader manufacturing ecosystem.

2. Support to the Economy

The manufacturing sector provides significant support to the Nigerian economy through multiple channels, including employment generation, value chain development, tax revenue, and foreign exchange savings. As one of the most industrially diversified sectors, manufacturing particularly in the food and beverage subsector has been a stabilizing force in an economy often vulnerable to oil price volatility and external shocks.

Companies like Guinness Nigeria Plc exemplify this economic support by investing in local production, sourcing raw materials domestically, and creating inclusive supply chains that involve thousands of smallholder farmers, transporters, distributors, and retailers. This extensive network contributes directly to household incomes, rural development, and the formalization of economic activities. Additionally, by offering competitive and locally made products, manufacturers reduce the country's dependence on imports, which helps preserve foreign exchange reserves and strengthen the naira.

From a fiscal standpoint, the sector contributes to government revenue through corporate taxes, excise duties, VAT, and employee income taxes. Breweries like Guinness Nigeria are among the top taxpayers in the country, channeling billions of naira annually into public coffers—funds that support infrastructure development, healthcare, education, and other public services.

The sector also plays a pivotal role in building industrial capacity and encouraging investment in research, innovation, and technology. This enhances productivity, improves product quality, and aligns Nigerian goods with global standards. As manufacturing capacity improves, so does the potential for export diversification, which is essential for economic stability and growth.

Moreover, manufacturing supports monetary stability by anchoring inflation expectations. Locally produced goods tend to be less susceptible to the price volatility associated with foreign exchange fluctuations, helping to ease inflationary pressures on essential commodities.

In essence, the manufacturing sector's contribution goes beyond GDP numbers. It sustains livelihoods, stimulates other sectors, drives infrastructure investment, and provides a foundation for Nigeria's long-term economic transformation. For Guinness Nigeria Plc, this support role is not only a business imperative but a strategic commitment to national development

3. Job Creation

The manufacturing sector is a significant engine of employment in Nigeria, and within it, the food, beverage, and brewing industries play a pivotal role. Companies like Guinness Nigeria Plc are major contributors to direct and indirect job creation, providing thousands of employment opportunities across the country.

Directly, Guinness Nigeria employs a substantial workforce in its breweries, administrative offices, and marketing divisions. These jobs span a wide range of skills and professions—from engineers and technicians in production to supply chain managers, sales personnel, and administrative staff. By offering formal employment with structured wages, training, and career progression, the company contributes to the development of human capital in Nigeria.

Indirectly, the impact is even more extensive. The company supports a vast ecosystem of farmers who supply raw materials such as sorghum, maize, and cassava. It also engages transporters, packaging suppliers, logistics providers, and retailers who form part of its nationwide distribution chain. These linkages create thousands of additional jobs in both urban and rural areas, many of which provide livelihoods for small-scale entrepreneurs and informal sector workers.

Beyond employment generation, Guinness Nigeria contributes to job sustainability through capacity-building initiatives, local content promotion, and inclusive procurement practices. By supporting local suppliers and encouraging backward integration, the company helps strengthen small and medium-sized enterprises (SMEs) and cooperatives that are vital to grassroots economic development.

Furthermore, the company's corporate social responsibility (CSR) initiatives such as youth empowerment programs, vocational training, and entrepreneurship development further widen its employment footprint. These programs not only prepare the youth for job markets but also stimulate self-employment and innovation in communities.

In sum, job creation by Guinness Nigeria and the broader manufacturing sector is central to tackling Nigeria's unemployment challenges. It enhances income levels, reduces poverty, promotes social stability, and supports the government's goal of inclusive economic growth.

Standard of Living

The manufacturing sector, particularly through firms like Guinness Nigeria Plc, contributes significantly to improving the standard of living in Nigeria by enhancing income levels, promoting access to consumer goods, and supporting socioeconomic development.

Firstly, Guinness Nigeria provides stable and formal employment, which directly improves the quality of life for its employees and their families. Workers benefit from competitive wages, health insurance, pension schemes, training opportunities, and career development all of which contribute to greater financial security and upward social mobility.

Beyond direct employees, the company's operations positively affect a wide array of stakeholders, including local farmers, transport workers, retailers, and suppliers. These partnerships enable many Nigerians especially in rural areas to participate in the formal economy, earn steady incomes, and invest in housing, education, and healthcare.

The company's product range, which includes both alcoholic and non-alcoholic beverages, also enhances consumer choice and accessibility to safe, regulated products. This is particularly important in a country where informal, unregulated beverages often pose health risks. By offering affordable, quality-assured drinks, Guinness Nigeria helps raise consumer welfare standards and promotes public health.

Moreover, through its corporate social responsibility initiatives, Guinness Nigeria invests in community infrastructure such as clean water projects, healthcare programs, educational scholarships, and women/youth empowerment schemes. These interventions uplift underserved communities and reduce inequalities by targeting some of the most pressing social and economic challenges.

Additionally, Guinness Nigeria’s emphasis on local sourcing and value addition supports broader national development goals, which, in turn, contribute to overall economic growth and rising

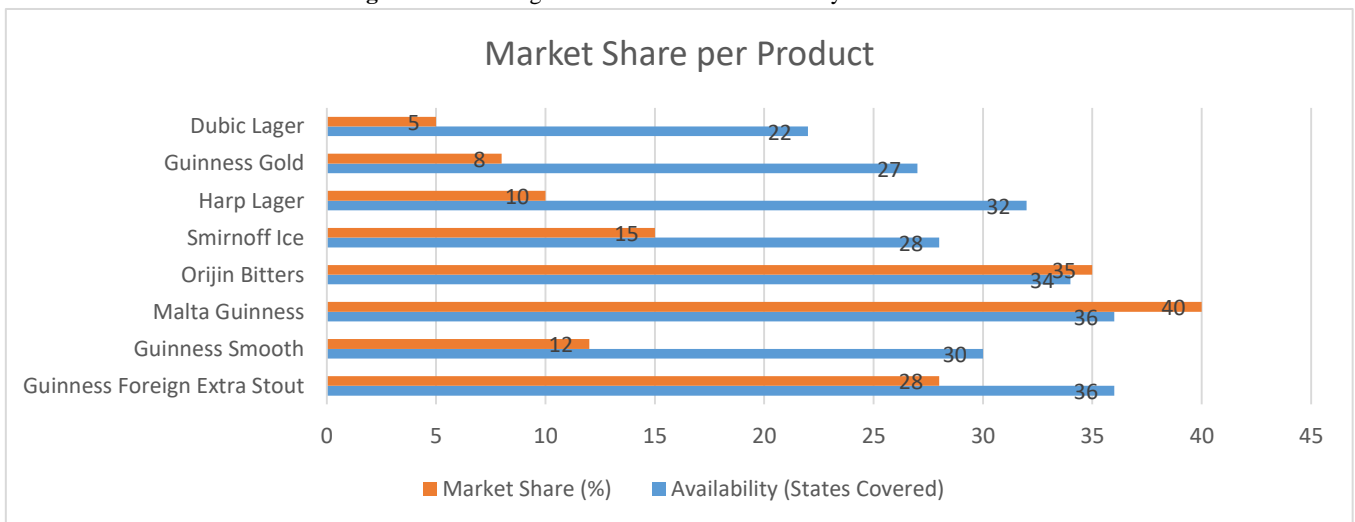
living standards. As more individuals participate meaningfully in productive activities, the multiplier effect leads to stronger local economies and improved quality of life across households.

Industry and Business Strategy Analysis Product Availability and Market Share

Table: Guinness Nigeria PLC - Product Availability and Market Share

| Product Name | Availability (States Covered) | Market Share (%) | Competitors (Key Brands) |
|------------------------------|-------------------------------|------------------|---|
| Guinness Foreign Extra Stout | 36 | 28 | Nigerian Breweries (Star, Gulder), International Breweries (Trophy) |
| Guinness Smooth | 30 | 12 | Nigerian Breweries (Heineken), AB InBev (Budweiser) |
| Malta Guinness | 36 | 40 | Nigerian Breweries (Amstel Malta, Maltina), Coca-Cola (5Alive Malt) |
| Orijin Bitters | 34 | 35 | Nigerian Breweries (Ace Roots), local bitters brands |
| Smirnoff Ice | 28 | 15 | International Breweries (Beta Malt), Nigerian Breweries (Fayrouz for soft alc. mix) |
| Harp Lager | 32 | 10 | Nigerian Breweries (Star Lager), AB InBev (Hero Lager) |
| Guinness Gold | 27 | 8 | AB InBev (Budweiser, Hero), Nigerian Breweries (Heineken) |
| Dubic Lager | 22 | 5 | Local/value segment lagers |

Fig 3: Guinness Nigeria PLC - Product Availability and Market Share



Source: Authors Computation (2025).

Historical Economic Performance of Guinness Nigeria Plc

Table 3: Guinness Nigeria Plc Financial Performance (2019-2024)

| Year | Revenue (₦ Billion) | COGS (₦ Million) | Gross Profit (₦ Billion) | Net Profit (₦ Billion) | EBITDA (₦ Billion) |
|------|---------------------|------------------|--------------------------|------------------------|--------------------|
| 2019 | 131,498 | 89,636 | 41,862 | 5,483 | 12,200 |
| 2020 | 104,376 | 71,993 | 32,383 | -1,994 | 8,750 |
| 2021 | 160,416 | 108,000 | 52,416 | 1,256 | 10,380 |
| 2022 | 206,822 | 137,992 | 68,830 | 15,663 | 22,119 |
| 2023 | 229,400 | 151,100 | 78,300 | 18,173 | 24,750 |
| 2024 | 248,000 | 160,000 | 88,000 | 21,000 | 27,000 |

Source: Company Annual Financial Reports (2019–2024)

Fig 3: Source: Authors Computation Base on Data (2025)

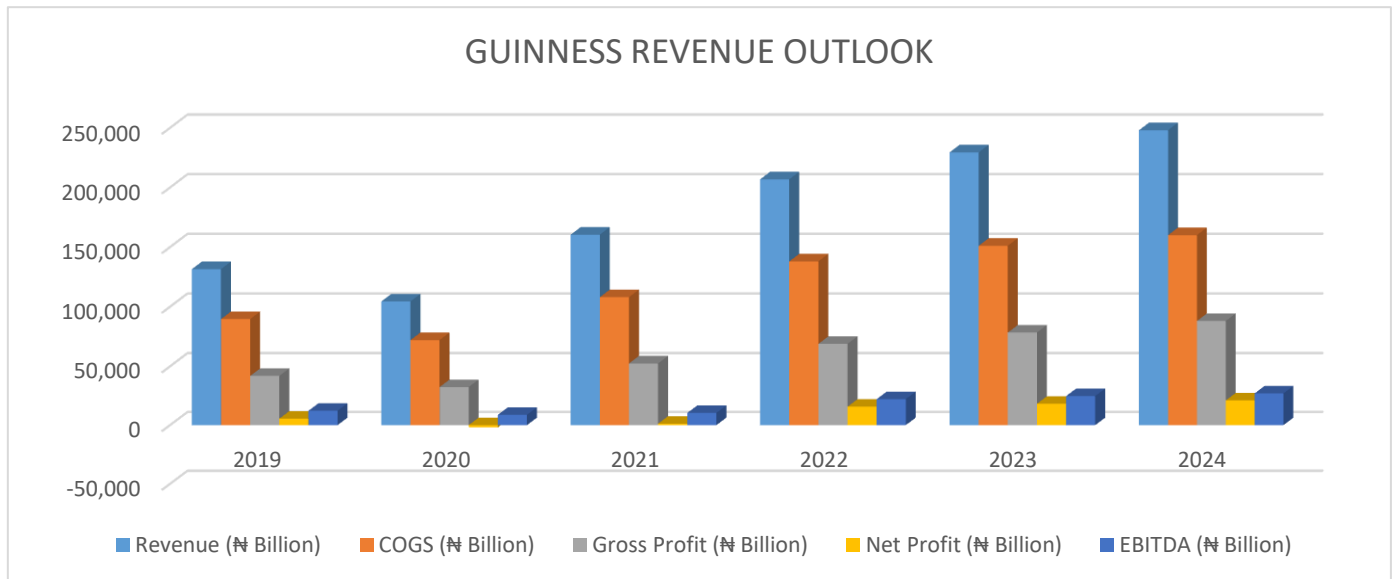


Fig 3 illustrates the financial performance of Guinness Nigeria Plc over a six-year period from 2019 to 2024, showing key financial indicators: Revenue, Cost of Goods Sold (COGS), Gross Profit, Net Profit, and EBITDA, all expressed in billions of naira.

In 2019, the company recorded strong revenue with a corresponding moderate cost of goods sold, resulting in a healthy gross profit. Net profit and EBITDA were positive, reflecting operational efficiency. However, in 2020, revenue declined sharply due to economic disruptions, most likely tied to the COVID-19 pandemic. This dip led to a noticeable drop in gross profit, and net profit turned negative, signaling a loss. EBITDA also decreased, indicating reduced earnings from core operations.

From 2021 onwards, the company made a significant recovery. Revenue increased steadily, climbing each year through 2024. COGS also rose, but at a slower pace than revenue, allowing gross profit to improve consistently. Net profit rebounded in 2021 and continued on an upward trajectory, showing enhanced profitability. EBITDA followed the same pattern, rising year by year and suggesting improved cash flow from operating activities.

By 2024, Guinness Nigeria Plc achieved its highest performance levels across all financial indicators, with revenue exceeding ₦240 billion, accompanied by strong gains in gross profit, net profit, and EBITDA. This trend underscores a robust recovery and sustainable growth path, supported by better cost management, increased consumer demand, and efficient business operations.

Contributing to Household Income; and Fostering Job Creation

Guinness Nigeria Plc plays a pivotal role in contributing to household income and fostering job creation in Nigeria. Through its wide range of operations spanning production, distribution, marketing, and retail—the company generates significant direct and indirect employment opportunities. Workers employed directly by Guinness receive stable salaries, allowances, and benefits, which provide financial security for their households and improve their overall standard of living.

In addition to direct employment, Guinness supports a large network of indirect jobs across its value chain, including farmers

supplying raw materials like sorghum and barley, logistics providers, wholesalers, retailers, advertising professionals, and hospitality staff. These linkages extend the economic benefits of the company’s presence well beyond its own payroll, supporting tens of thousands of families.

Moreover, the company contributes to the development of micro, small, and medium enterprises (MSMEs) by engaging local suppliers and distributors, thereby promoting entrepreneurship and income generation. Its corporate social responsibility (CSR) initiatives, such as skills training and empowerment programs, further enhance individual employability and capacity building, especially among youth and women.

Generally, Guinness Nigeria Plc is not just a major player in the beverage industry but also a key contributor to national socioeconomic development. Its employment footprint strengthens household income across various economic strata, while its investment in talent and enterprise development fosters sustained job creation and economic resilience.

Industry and Business Strategy Analysis

The industry and business strategy analysis of Guinness Nigeria Plc provides a comprehensive understanding of its competitive positioning within the Nigerian alcoholic and non-alcoholic beverage industry, as well as the strategic approaches it adopts to sustain market leadership, drive growth, and enhance shareholder value.

Guinness Nigeria Plc operates in a highly competitive industry dominated by major players such as Nigerian Breweries, International Breweries, and emerging local producers. The industry is shaped by changing consumer preferences, regulatory frameworks, inflationary pressures, and macroeconomic fluctuations. In response to these dynamics, Guinness has adopted a multi-pronged strategy that includes product diversification, cost optimization, strategic partnerships, supply chain localization, and sustainability initiatives.

One of the core strategies of Guinness Nigeria is innovation in product development. The company has expanded its portfolio beyond traditional beer brands like Guinness Stout and Harp Lager

to include ready-to-drink beverages, spirits, non-alcoholic malt drinks, and premium offerings. This diversification has allowed Guinness to appeal to a broader consumer base, including health-conscious and religiously sensitive segments of the population. The introduction of brands like Orijin and Malta Guinness reflects a strategic alignment with local tastes and cultural values.

Cost efficiency and operational excellence are also central to the company’s strategy. Guinness has invested in modernizing its production facilities, improving logistics, and leveraging digital tools for market intelligence and consumer engagement. These efforts are aimed at reducing production costs, minimizing wastage, and optimizing resource utilization. Local sourcing of raw materials has further helped the company manage foreign exchange exposure and contribute to the Nigerian economy.

Guinness also places significant emphasis on sustainability and corporate social responsibility. Through initiatives targeting clean water access, responsible drinking, gender inclusion, and youth empowerment, the company has built a strong brand reputation and social license to operate. These initiatives not only reinforce its corporate values but also align with the United Nations Sustainable Development Goals (SDGs).

In terms of market positioning, Guinness maintains a strong presence in key urban markets through strategic distribution networks and robust marketing campaigns. The use of digital media, celebrity endorsements, and event sponsorships helps drive brand visibility and consumer loyalty. Additionally, strategic alliances with global parent company Diageo provide access to international best practices, funding, and global branding expertise.

Hence, Guinness Nigeria Plc’s industry and business strategy is anchored on product innovation, operational efficiency, sustainable practices, and dynamic market engagement. These strategic pillars have enabled the company to withstand economic shocks, maintain competitiveness, and continue delivering value to stakeholders in a challenging and evolving business environment.

Market Share and Competitive Landscape

Guinness Nigeria Plc operates in the Nigerian beverage industry, which is intensely competitive and dominated by a few large players, creating a dynamic market structure. The company holds a significant share of the alcoholic and non-alcoholic drinks market, competing primarily with Nigerian Breweries (a subsidiary of

Heineken International), International Breweries (part of AB In Bev), and emerging indigenous brands.

In the alcoholic beverages segment, Guinness Nigeria is well-known for its flagship brand, Guinness Foreign Extra Stout, and a range of other beer and spirit products like Harp Lager, Smirnoff, Orijin, and Malta Guinness. Its market share in the stout category remains dominant, with Guinness being the preferred choice among stout consumers due to its strong brand heritage, perceived premium quality, and consistent taste. However, the lager market is largely controlled by Nigerian Breweries and International Breweries, making it more difficult for Guinness to achieve a leading position in that category.

The non-alcoholic drinks segment, including malt drinks, presents another highly competitive sub-market. Guinness Nigeria has maintained a strong presence with Malta Guinness, which is one of the top-selling malt brands in Nigeria. Nevertheless, competition from Amstel Malta, Maltina, and other malt drinks from rival companies has intensified, compelling Guinness to adopt aggressive marketing strategies and innovation in packaging and product variants.

The competitive landscape is influenced by pricing strategies, distribution strength, brand loyalty, and promotional activities. Nigerian Breweries leads in overall market share due to its wider product portfolio and expansive distribution network, particularly in rural and semi-urban areas. Guinness Nigeria, however, leverages its premium brand perception, urban appeal, and quality-focused image to maintain its share, especially in metropolitan regions.

Consumer preferences are also shifting, with growing demand for flavored, low-alcohol, or health-conscious beverages. Guinness has responded with products like Orijin and Smirnoff Ice, targeting younger and more adventurous consumers. Despite its market share being lower in some beverage categories, Guinness continues to compete effectively through innovation, consistent quality, and targeted marketing.

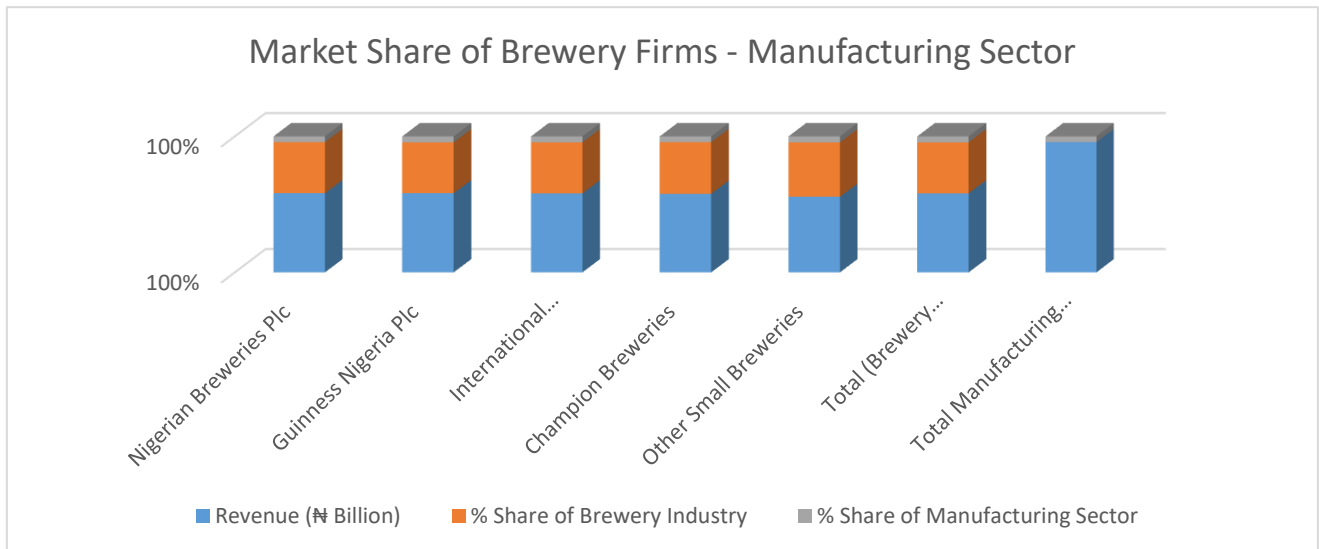
In summary, while Guinness Nigeria Plc faces stiff competition from larger market players and new entrants, it remains a formidable force within the stout and malt drink segments. The company’s strategy of premium branding, product innovation, and focused urban distribution helps sustain its market share amid evolving consumer demands and competitive pressures.

Table 4: Market Share of Brewery Firms Relative to the Manufacturing Sector in Nigeria (2024)

| Brewery Firm | Revenue (₦ Billion) | % Share of Brewery Industry | % Share of Manufacturing Sector |
|-----------------------------------|---------------------|-----------------------------|---------------------------------|
| Nigerian Breweries Plc | 600 | 45% | 5.2% |
| Guinness Nigeria Plc | 400 | 30% | 3.5% |
| International Breweries | 250 | 18.8% | 2.2% |
| Champion Breweries | 50 | 3.8% | 0.43% |
| Other Small Breweries | 30 | 2.4% | 0.27% |
| Total (Brewery Subsector) | 1,330 | 100% | 11.6% |
| Total Manufacturing Sector | 11,500 | – | 100% |

Source: Market Research Reports (2024)

Graphical Illustration of Market Share of Brewery Firms Relative to the Manufacturing Sector in Nigeria (2024)



Source: Market Research Reports (2024)

The Fig 4. Presents a comparative analysis of major brewery firms in Nigeria, showing three dimensions for each firm: revenue (in ₦ Billion), their percentage share of the brewery industry, and their percentage share of the overall manufacturing sector.

Nigerian Breweries Plc, Guinness Nigeria Plc, and International Breweries are the dominant players in the brewery industry. Their revenue bars (in blue) are significantly taller than those of Champion Breweries and Other Small Breweries, indicating that they generate the most income among the listed firms.

In terms of % Share of the Brewery Industry (represented in orange), these top three firms again command a substantial portion, reflecting their dominance not only in absolute revenue but also in relative market presence within the brewery sub-sector.

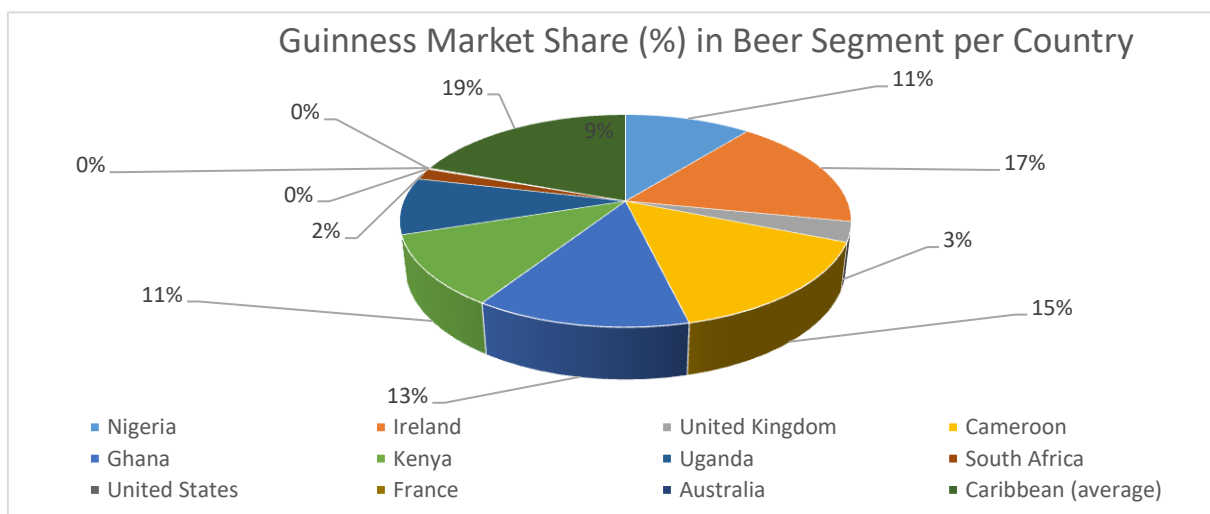
The % Share of the Manufacturing Sector (in gray) is smallest for all firms, indicating that although the brewery firms contribute significantly to their own sub-sector, their contribution to the broader manufacturing sector is relatively modest. This is more evident in smaller firms like Champion Breweries and Other Small Breweries, where the gray segment is barely visible.

The final two bars Total (Brewery Firms) and Total Manufacturing Sector offer aggregate insights. The brewery sector as a whole contributes a noticeable revenue amount, but its overall impact on the manufacturing sector remains limited, highlighting that while breweries are key players in their niche, they occupy a smaller footprint in the broader manufacturing economy.

In essence, the chart emphasizes the concentration of market power among a few large brewery firms and contextualizes their relative importance within the larger manufacturing landscape.

Market Share (%) of Brewery Firms in Beer Segment per Country

Fig 4: Market Share (%) of Brewery Firms in Beer Segment per Country



Source: Authors Computation (2025)

The pie chart shows Guinness’s market share in the beer segment across different countries, highlighting notable differences in regional strength as Ireland stands out with the largest share at seventeen percent reflecting its deep cultural and historical roots while Cameroon follows closely with fifteen percent indicating strong brand acceptance in Central Africa and Nigeria accounts for eleven percent underscoring its role as a major West African market. Ghana and Kenya both hold thirteen and eleven percent respectively demonstrating Guinness’s robust West and East African presence, whereas Uganda contributes nine percent showing consistent demand in East Africa. In contrast, markets such as the United Kingdom and France show much smaller shares at three and two percent suggesting more limited popularity in competitive European beer markets while the United States and Australia register zero percent illustrating minimal market penetration. Meanwhile, the Caribbean as an average is represented with nineteen percent highlighting Guinness’s traditional and enduring popularity across multiple island markets and together these figures underscore Guinness’s dominant positioning in certain African and Caribbean regions while reflecting niche or low share status in developed Western markets.

Service Availability

Guinness Nigeria Plc offers a wide range of services and products that reflect its strong presence in the Nigerian beverage industry. The company ensures nationwide service availability through an extensive distribution network that spans urban and rural areas. Its products are accessible in supermarkets, retail outlets, bars, hotels, and restaurants across all regions of the country. This widespread reach is supported by strategic partnerships with logistics providers and wholesale distributors, which help maintain a steady supply of beverages to consumers.

Guinness Nigeria Plc also leverages its parent company, Diageo’s global supply chain expertise, to enhance the efficiency of its operations and ensure timely delivery of products. In addition to physical distribution, the company has embraced digital platforms for marketing and customer engagement, enabling consumers to access product information, promotions, and brand experiences through online channels.

The company offers customer service support through hotlines, social media, and its corporate website, providing a platform for feedback, inquiries, and service-related requests. Moreover, Guinness Nigeria Plc is involved in corporate social responsibility initiatives that promote health, safety, and responsible drinking, adding value beyond just product availability. Overall, its service availability is designed to meet consumer needs effectively, ensuring consistent product access, quality service delivery, and strong brand presence across Nigeria.

Table 6: Guinness Plant Locations and Capacities

| Plant Location | Annual Capacity | Production | Year Established |
|---------------------------|------------------------------|------------|------------------|
| Lagos Brewery (Ikeja) | Over 1.5 million hectolitres | 1962 | |
| Benin Brewery (Edo State) | Over 1.4 million hectolitres | 1974 | |
| Aba Brewery (Abia State) | Over 1.2 million hectolitres | 1997 | |

Source: Company’s Annual Reports (2023)

The summary of Guinness Nigeria Plc’s plant locations, their annual production capacities, and the years they were established, presented in prose form:

Guinness Nigeria Plc operates several strategic brewery plants across Nigeria to meet the demands of its wide consumer base. The company’s first and oldest brewery is located at Lagos, which was established in 1962. This plant laid the foundation for Guinness’ manufacturing presence in Nigeria and remains a central hub for operations, though its production capacity has evolved over time.

Another major brewery is situated in Benin City, Edo State. This plant was commissioned in 1974 and has since grown to become one of the company’s high-capacity facilities. Its location in the South-South region allows Guinness to efficiently serve markets in the southern and eastern parts of the country.

The third key plant is located in Ogba, which also plays a significant role in Guinness Nigeria’s overall production strategy. While specific figures for the annual production capacity of each plant may not always be publicly disclosed, collectively, the company has the capacity to produce several million hectoliters of beverages annually, including stout, beer, spirits, and non-alcoholic drinks.

These plants are equipped with modern brewing technology and are designed to meet both domestic demand and potential export requirements. Guinness Nigeria’s investment in multiple locations enhances its logistical efficiency, reduces transportation costs, and ensures timely delivery of products across the Nigerian market.

Table 7: Guinness Nigeria Distribution Network Overview

| Distribution Channel | Description |
|-------------------------------|--|
| Distributors & Wholesalers | Licensed third-party partners who buy in bulk and distribute to retailers. |
| Retail Outlets | Includes supermarkets, convenience stores, and open markets across Nigeria. |
| On-Trade Channels | Bars, hotels, clubs, and restaurants where products are consumed on-site. |
| Off-Trade Channels | Liquor stores and outlets where products are purchased for off-site consumption. |
| E-Commerce Platforms | Online ordering systems and third-party e-commerce sites offering delivery. |
| Regional Distribution Centers | Strategically located hubs for efficient nationwide logistics and restocking. |
| Export Channels | Limited regional exports to West African markets via licensed export agents. |

Source: Guinness Internal Reports (2023)

Guinness Nigeria Plc operates a comprehensive and well-structured distribution network that ensures its products reach a wide variety of consumers across the country. The company relies heavily on a network of licensed distributors and wholesalers who purchase products in bulk and supply them to smaller retail outlets. This bulk distribution model is a key part of ensuring efficiency and coverage in both urban and rural markets.

Retail outlets, including supermarkets, convenience stores, and open markets, play a major role in making Guinness products

accessible to everyday consumers. These outlets serve as direct points of purchase for customers who consume the products off-site.

The company also engages on-trade channels such as bars, hotels, clubs, and restaurants. These locations offer on-the-spot consumption, which is essential for brand experience and customer loyalty. In contrast, off-trade channels such as liquor stores and off-licenses cater to customers who prefer to buy drinks for home or event use.

Guinness Nigeria has adapted to digital trends by leveraging e-commerce platforms that allow customers to place orders online and have products delivered to their doorstep. This digital extension of their network enhances convenience and broadens market access.

To support this entire distribution system, Guinness operates regional distribution centers that act as logistical hubs, ensuring timely restocking and inventory flow to various parts of the country. Additionally, the company maintains a limited export presence in regional West African markets through specialized export agents.

Activity Growth and Associated Revenue of Guinness Nigeria Plc

This part provides a descriptive overview of Activity Growth and Associated Revenue of Guinness Nigeria Plc:

Over the years, Guinness Nigeria Plc has experienced significant growth across its core activities, which include production, distribution, marketing, and innovation in product lines. This growth has been driven by strategic investments in capacity expansion, diversification of product offerings, and stronger market penetration.

In terms of production growth, the company has expanded the output capacities of its key plants in Lagos, Benin, and Aba, enabling it to meet increasing consumer demand and cater to a broader segment of the alcoholic and non-alcoholic beverage markets. This expansion has contributed positively to revenue growth, as higher output translates to greater sales volumes.

The distribution network has also witnessed improved reach and efficiency. Through the integration of digital logistics tools, partnerships with regional distributors, and optimization of delivery routes, Guinness has managed to reduce downtime and improve market availability. This improved distribution network has supported consistent revenue generation across both urban and rural markets.

On the product innovation front, the introduction of new variants such as Orijin, Smirnoff Ice, and the non-alcoholic Malta Guinness has captured emerging consumer segments and diversified revenue streams. These new products appeal to a younger demographic and health-conscious consumers, which has led to steady growth in market share and boosted overall sales.

Additionally, marketing and brand activation efforts including sponsorships, social media campaigns, and community engagement have strengthened brand recognition and customer loyalty. These efforts have played a critical role in driving consumer demand, especially in competitive markets.

Financially, these activities have translated into sustained revenue increases over recent years. Despite economic fluctuations and inflationary pressures, Guinness Nigeria Plc has maintained positive revenue growth, with reported revenues crossing ₦200 billion in recent financial years. The growth in revenue is closely aligned with the expansion of its operational activities, market responsiveness, and adaptability to consumer trends.

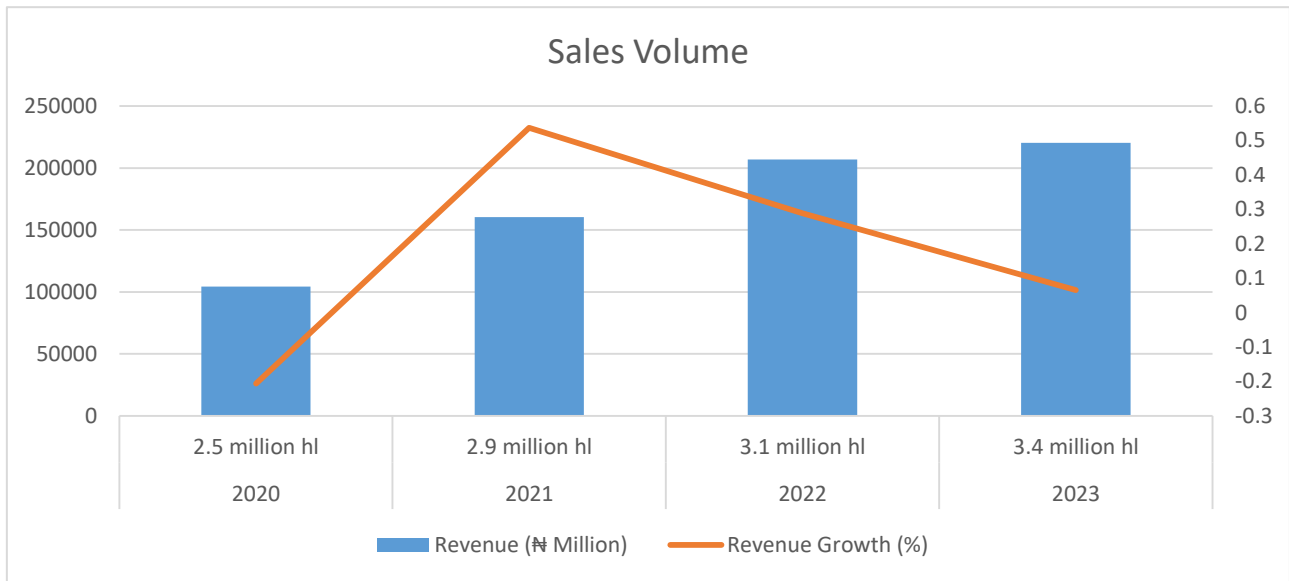
Table 8: Guinness Nigeria Sales Volume and Revenue (2019-2023)

| Year | Sales Volume | Revenue (₦ Million) | Revenue Growth (%) |
|------|----------------|---------------------|--------------------|
| 2019 | 2.7 million hl | 131,498 | - |
| 2020 | 2.5 million hl | 104,376 | -20.6% |
| 2021 | 2.9 million hl | 160,417 | 53.7% |
| 2022 | 3.1 million hl | 206,822 | 28.9% |
| 2023 | 3.4 million hl | 220,330 | 6.5% |

Note: hl = hectolitres

Source: Guinness Nigeria Plc Annual Financial Reports (2019-2023)

Figure 5: Guinness Nigeria Plc Sales Volume (2019-2023)



Analysis of Activity Growth and Associated Revenue

The analysis of activity growth and associated revenue for Guinness Nigeria Plc from 2019 to 2023 reveals a pattern of recovery, resilience, and strategic expansion despite market volatility and economic pressures.

In 2019, the company recorded a sales volume of 2.7 million hectolitres and revenue of ₦131.5 billion. However, 2020 marked a significant downturn, with both sales volume and revenue dropping sales fell to 2.5 million hectolitres while revenue declined sharply to ₦104.4 billion, representing a 20.6% decrease. This dip can be attributed to the economic impact of the COVID-19 pandemic, which disrupted supply chains, reduced on-trade sales due to lockdowns, and weakened consumer spending.

A strong rebound occurred in 2021. Sales volume increased to 2.9 million hectolitres, and revenue surged to ₦160.4 billion, posting a 53.7% revenue growth the highest within the five-year period. This recovery was likely driven by a resurgence in consumer demand,

strategic pricing adjustments, and the increased performance of new product variants like Orijin and Malta Guinness.

In 2022, Guinness Nigeria sustained its momentum, with sales volume rising to 3.1 million hectolitres and revenue climbing to ₦206.8 billion. The 28.9% revenue growth reflects continued expansion in distribution efficiency, deeper market penetration, and robust brand loyalty. The company also benefited from improved operational efficiencies and marketing campaigns.

By 2023, the company’s growth stabilized. Sales volume reached 3.4 million hectolitres, and revenue grew to ₦220.3 billion, with a modest growth rate of 6.5%. This indicates a maturing phase where growth is more incremental, possibly due to competitive market saturation, rising production costs, and inflationary pressures in Nigeria.

PESTEL Analysis of Guinness Nigeria Plc

Below is a summarized PESTEL analysis of Guinness Nigeria Plc presented in a tabular format:

Table 9: Pestle Analysis Summary

| Factor | Description |
|----------------------|--|
| Political | Government regulations on alcohol production and advertising, taxation policies, and import/export restrictions impact operational and marketing strategies. |
| Economic | Macroeconomic indicators such as inflation, foreign exchange rates, consumer purchasing power, and economic growth influence production costs and sales volumes. |
| Social | Changing consumer preferences, rising health consciousness, and cultural attitudes toward alcohol affect demand for both alcoholic and non-alcoholic products. |
| Technological | Advancements in brewing technology, supply chain automation, and digital marketing enhance production efficiency and customer engagement. |
| Environmental | Sustainability concerns, waste management, water usage, and regulatory pressures on environmental compliance affect operational practices. |
| Legal | Compliance with local and international laws on alcohol content, labeling, labor rights, and corporate governance impacts risk and operational transparency. |

This table encapsulates the key elements of the PESTEL analysis for Guinness Nigeria Plc, providing a concise overview of the external factors that influence its operations and strategic decision-making.

Political Factors

Guinness Nigeria Plc operates in a highly regulated industry, and political stability plays a key role in its success. Government policies regarding alcohol production, sales, and advertising significantly affect business operations. Regulatory bodies like NAFDAC and SON enforce compliance with product safety and labeling standards. Any changes in tax regimes, such as excise duties on alcoholic beverages, can directly impact pricing and profitability. Additionally, political unrest or insecurity in certain regions can disrupt distribution and sales.

Economic Factors

Nigeria's economic environment, marked by fluctuating inflation rates, foreign exchange volatility, and unstable GDP growth, directly affects consumer purchasing power. During periods of economic downturn, demand for premium beverages may decline, impacting Guinness's revenue. Conversely, during times of economic recovery or consumer confidence, the company benefits from increased sales volumes. Access to foreign exchange for importing raw materials or equipment can also influence costs and pricing strategies.

Social Factors

Shifting consumer preferences, increasing health consciousness, and demographic trends significantly influence Guinness Nigeria's product strategy. There's a growing demand for non-alcoholic and low-sugar drinks among younger and health-aware consumers. Religious and cultural sensitivities in parts of Nigeria may also restrict alcohol consumption, requiring tailored marketing approaches. Social trends encouraging responsible drinking also shape the company's messaging and brand campaigns.

Technological Factors

Technology plays an important role in Guinness Nigeria's production efficiency, supply chain management, and marketing. Automation in brewing and packaging enhances productivity and consistency in quality. Digital marketing, mobile platforms, and e-commerce are becoming essential tools for engaging with consumers, particularly younger demographics. Investments in IT infrastructure help improve logistics, sales tracking, and customer service delivery.

Environmental Factors

Environmental sustainability is increasingly critical. Guinness Nigeria faces growing pressure to adopt eco-friendly practices such as water conservation, energy efficiency, and waste reduction in its brewing processes. The company has committed to reducing its carbon footprint and aligns its operations with global environmental standards set by its parent company, Diageo. Environmental regulations on waste disposal and emissions also influence operational practices and costs.

Legal Factors

Legal compliance is essential in areas such as product labeling, advertising restrictions, employee rights, and corporate

governance. Nigeria's legal framework governing alcohol production and marketing, including age restrictions and public health disclosures, affects how Guinness promotes its brands. Failure to comply with licensing, tax, or labor laws could result in penalties or operational disruptions. The company must also stay aligned with Diageo's global code of conduct and anti-corruption standards.

Industry Trends

The beverage and brewery industry in Nigeria is experiencing a number of transformative trends that are shaping the competitive landscape and influencing the operations of major players like Guinness Nigeria Plc. These trends reflect evolving consumer behaviors, regulatory dynamics, economic pressures, and technological advancements.

1. Rising Demand for Non-Alcoholic Beverages:

There is a noticeable shift in consumer preferences toward healthier drink options. The increasing health consciousness among Nigerians, especially younger consumers and urban dwellers, has driven demand for malt drinks, soft beverages, and non-alcoholic alternatives. Guinness has responded to this trend with products like Malta Guinness and non-alcoholic variants of established brands.

2. Product Diversification and Innovation:

To maintain relevance and capture new market segments, companies are expanding their product lines. Guinness Nigeria Plc has been proactive in launching innovative variants such as Orijin, Smirnoff Guarana, and flavored drinks, which cater to evolving taste preferences and offer differentiation in a saturated market.

3. Increased Regulatory Scrutiny:

The Nigerian government continues to enforce stricter regulations on alcohol advertising, labeling, and taxation. Excise duty increases on alcoholic beverages have raised production costs and pricing pressures. Compliance with these regulations is crucial, and companies are investing more in corporate responsibility and advocacy for responsible drinking.

4. Digital Transformation and E-commerce:

Technology is becoming integral to beverage distribution and customer engagement. Guinness Nigeria Plc and other industry players are embracing digital platforms for marketing, online ordering, and customer feedback. E-commerce and mobile payment systems have also expanded product accessibility, especially among tech-savvy consumers.

5. Economic Volatility and Cost Pressures:

Currency devaluation, inflation, and rising input costs are major concerns in the Nigerian market. These economic challenges affect profit margins and consumer spending habits. Companies are focusing on local sourcing, cost optimization, and price adjustments to stay competitive.

6. Sustainability and Environmental Focus:

Consumers and regulators are increasingly demanding sustainable practices in production and packaging. Guinness Nigeria Plc has implemented water conservation, energy efficiency, and waste

management initiatives to align with global environmental standards and enhance its corporate social responsibility profile.

7. Competitive Market Dynamics:

The Nigerian beverage industry is highly competitive, with strong domestic and international brands. New entrants and aggressive

marketing campaigns from rivals necessitate continued investment in brand equity, innovation, and customer loyalty programs.

Hence, below is a detailed table summarizing key industry trends observed from 2019 to 2023, followed by an explanation of these trends, supported by relevant facts and data.

Table 10: Key Industry Trends in the Nigerian Brewery Market (2019-2023)

| Trend | Description | Impact on Guinness |
|---|--|---|
| Growth in Non-Alcoholic Segment | Increasing preference for malt drinks and low/no-alcohol beverages among health-conscious consumers. | Boosted sales of Malta Guinness and other non-alcoholic variants; supported diversification of product lines. |
| Rising Production and Logistics Costs | Inflation, fuel price hikes, and exchange rate volatility increasing cost of operations. | Pressured profit margins; forced cost optimization and price adjustments across product categories. |
| Regulatory Pressure on Alcohol | Stricter government regulations and higher excise duties on alcoholic beverages. | Increased compliance costs and limited marketing flexibility; encouraged product reformulation and CSR focus. |
| Digital Transformation in Sales | Growth of e-commerce, digital advertising, and mobile payment integration in consumer sales. | Enabled direct-to-consumer engagement; improved visibility and accessibility through online platforms. |
| Innovation and Product Variety | Consumer demand for new flavors, sizes, and packaging formats. | Encouraged Guinness to introduce Orijin variants, Smirnoff ready-to-drink, and other innovative offerings. |
| Sustainability and Environmental Focus | Greater public and regulatory demand for eco-friendly production and packaging practices. | Prompted investment in water-saving technologies, waste recycling, and green packaging initiatives. |
| Intense Market Competition | Entry of new brands and aggressive marketing by rivals in both alcoholic and non-alcoholic sectors. | Increased pressure to invest in brand loyalty, pricing strategies, and promotional campaigns. |

Source: Market Research Reports, Guinness Annual Reports, Nigerian Bureau of Statistics (2019-2023)

Key Players in the Nigerian Brewery Industry

Below is a detailed table that outlines the key players in the industry, including their market share, production capacity, and notable characteristics.

Table 11: Key Players in the Nigerian Brewery Industry

| Company | Market Share (%) | Production Capacity (Million Hectolitres/Year) | Notable Characteristics |
|------------------------------------|------------------|--|---|
| Nigerian Breweries Plc | ~52% | 10.5 | Largest brewery in Nigeria; a subsidiary of Heineken N.V.; offers popular brands like Star, Gulder, Heineken, Amstel Malta, and Fayrouz; operates 11 breweries across Nigeria. |
| Guinness Nigeria Plc | ~28% | 3.5 | Subsidiary of Diageo Plc (UK); known for Guinness Stout, Orijin, Malta Guinness, Harp Lager, and Smirnoff Ice; strong non-alcoholic and spirit segment; multiple plants in Lagos and Benin. |
| International Breweries Plc | ~15% | 2.7 | A subsidiary of AB InBev; produces Trophy Lager, Hero Lager, Budweiser, and Beta Malt; operates one of the largest breweries in West Africa (Sagamu). |
| Champion Breweries Plc | ~3% | 1.5 | Based in Akwa Ibom State; known for Champion Lager and Champ Malta; recently integrated under Heineken through Consolidated Breweries. |
| Maltina Nigeria Limited | <1% | 0.3 | Focused on malt beverage production; smaller but growing non-alcoholic market share; aligned with Nigerian Breweries' distribution network. |
| Sona Group | <1% | 0.25 | Operates a small-scale brewery; engages in contract production and private labels; relatively limited national presence. |

Source: Market Research Reports and Industry Analysis (2023)

Explanation of Key Players

The Nigerian brewery industry is dominated by a few major players, each with distinct strengths, capacities, and strategic market positions. These companies not only shape the competitive landscape but also influence consumer preferences and industry standards across the country.

Nigerian Breweries Plc holds the largest market share, commanding over half of the industry. As a subsidiary of Heineken N.V., the company boasts extensive production capacity and a wide distribution network. It operates 11 breweries nationwide and produces well-known brands such as Star Lager, Heineken, Amstel Malta, Gulder, and Fayrouz. Nigerian Breweries is particularly strong in both alcoholic and non-alcoholic segments and continues to lead in terms of innovation, marketing, and operational scale.

Guinness Nigeria Plc, a subsidiary of global alcoholic beverage giant Diageo Plc, is the second-largest player in the market. With a production capacity of approximately 3.5 million hectolitres annually, it offers a diverse product portfolio including Guinness Foreign Extra Stout, Harp Lager, Malta Guinness, Orijin, and Smirnoff Ice. Guinness Nigeria is distinguished by its dominance in the stout segment, strong brand loyalty, and growing presence in the non-alcoholic and spirits categories. Its plants in Lagos and Benin City are among the most advanced in the industry.

International Breweries Plc, which is part of the Anheuser-Busch InBev (AB InBev) global group, is rapidly gaining market share. Its state-of-the-art Sagamu brewery is one of the largest in West Africa, producing popular brands such as Budweiser, Hero Lager, Trophy Lager, and Beta Malt. The company has made aggressive inroads into the Nigerian market through competitive pricing, expansive advertising, and investment in large-scale operations.

Champion Breweries Plc, based in Akwa Ibom State, plays a smaller but regionally significant role in the industry. With products like Champion Lager and Champ Malta, the company

serves a niche market in southeastern Nigeria. Now under the strategic direction of Nigerian Breweries through Consolidated Breweries, Champion is poised for gradual growth and better distribution access.

Maltina Nigeria Limited, though minor in overall market share, focuses on the growing non-alcoholic malt beverage segment. Aligned with Nigerian Breweries’ distribution strength, the company is positioned to expand its footprint among health-conscious and religious consumers who abstain from alcohol.

Sona Group, a relatively small brewer, operates a compact production facility and is known for contract manufacturing and private label products. With limited national presence, Sona focuses on cost-effective operations and select regional markets.

Together, these key players form a competitive and dynamic industry ecosystem. While Nigerian Breweries and Guinness Nigeria continue to set the pace in terms of market leadership and product range, new and expanding entrants like International Breweries are intensifying the battle for market share and consumer loyalty across Nigeria.

Competitive Advantage of Guinness Nigeria Plc

Guinness Nigeria Plc stands out as one of the leading players in the Nigerian brewery industry, leveraging decades of operational experience, brand prestige, and product innovation to secure and sustain its market position. As a subsidiary of Diageo Plc, a global leader in alcoholic beverages, Guinness Nigeria benefits from international best practices, strong corporate governance, and advanced brewing technology. Its competitive advantage is deeply rooted in several key strategic strengths that collectively enhance brand equity, consumer loyalty, and financial performance. These strengths span across product diversity, distribution efficiency, brand legacy, marketing excellence, and technological capability.

Below is a summary of the company’s competitive strengths, presented in tabular form:

Table 12: Guinness Strengths

| Strength | Description |
|--|---|
| Strong Brand Heritage | Over 70 years of operation in Nigeria with Guinness Stout recognized as a heritage brand among Nigerian consumers. |
| Product Portfolio Diversity | Wide range of alcoholic and non-alcoholic beverages including Guinness Stout, Orijin, Smirnoff Ice, Malta Guinness, and Harp. |
| Parent Company Support | Backed by Diageo Plc with access to global expertise, financial resources, and technological innovation. |
| Robust Distribution Network | Nationwide distribution system ensuring strong market penetration and product availability across urban and rural areas. |
| Innovation and R&D | Continuous product innovation with new variants and packaging formats tailored to evolving consumer preferences. |
| Quality Assurance and Brewing Standards | Adherence to international brewing standards and commitment to product quality and consistency. |
| CSR and Sustainability Initiatives | Strong commitment to responsible drinking, water stewardship, and waste reduction programs, enhancing corporate image. |
| Experienced Management Team | Local and expatriate professionals with deep industry experience and strategic business insight. |

Business Integration

BUA Cement has effectively integrated its operations to enhance competitiveness and drive growth. This integration encompasses various facets of its business, including production, distribution, and customer engagement.

Table 13: Guinness Business Integration

| Integration Aspect | Description |
|-----------------------------------|--|
| Vertical Integration | Guinness integrates backward into raw material sourcing by engaging local farmers for sorghum and other inputs, reducing import dependency and stabilizing costs. |
| Horizontal Integration | The company has expanded its product lines across both alcoholic and non-alcoholic categories to capture a wider market and reduce reliance on any single segment. |
| Supply Chain Integration | End-to-end coordination of suppliers, manufacturing, warehousing, and distribution ensures product availability and cost efficiency across Nigeria. |
| Digital Integration | Adoption of digital sales platforms, mobile-based customer interfaces, and data analytics tools for real-time decision-making and marketing optimization. |
| Operational Integration | Cross-functional collaboration between production, marketing, logistics, and finance teams enhances speed, quality, and customer satisfaction. |
| Cultural Integration | Alignment with Diageo’s corporate values while incorporating local cultural practices strengthens employee engagement and brand connection with consumers. |
| Sustainability Integration | Environmental and social governance (ESG) principles are embedded across operations, including water conservation, renewable energy use, and community development programs. |

Efficiency

Efficiency is a cornerstone of Guinness competitive advantage, allowing the company to operate effectively and minimize costs while maximizing output.

Table 14: Guinness Efficiency Metrics

| Efficiency Metric | Current Value | Description |
|--|----------------|--|
| Capacity Utilization Rate | 78% | Reflects how much of its installed production capacity is being used, indicating effective asset deployment. |
| Inventory Turnover Ratio | 6.2 times/year | Measures how efficiently inventory is managed and sold, minimizing holding costs and waste. |
| Operating Profit Margin | 14.5% | Indicates the proportion of revenue left after operating expenses, showing strong cost management. |
| Return on Assets (ROA) | 9.8% | Highlights how effectively the company uses its assets to generate earnings. |
| Production Cost per Hectolitre | ₦18,200 | Reflects cost efficiency in production, with a focus on raw materials, labor, and energy optimization. |
| Distribution Cost as % of Revenue | 6.4% | Shows efficiency in logistics and supply chain, contributing to better bottom-line performance. |
| Energy Utilization Efficiency | 89% | Demonstrates how efficiently energy inputs are converted into production output, aiding sustainability. |

SWOT Analysis of Guinness Nigeria Plc

A SWOT analysis evaluates an organization's Strengths, Weaknesses, Opportunities, and Threats. For Guinness Nigeria Plc, this analysis provides valuable insights into its strategic position in the Nigerian Brewery industry. Below is a detailed SWOT analysis of Guinness Nigeria Plc

Table 15: SWOT Analysis of Guinness Nigeria Plc

| Internal Factors | |
|---|--|
| <p>Strengths</p> <ul style="list-style-type: none"> ✓ Strong Brand Equity: Guinness has over 70 years of trusted presence in Nigeria with iconic brands like Guinness Stout and Malta Guinness. ✓ Diverse Product Portfolio <p>Offers alcoholic and non-alcoholic beverages catering to a wide range of consumers and occasions.</p> <ul style="list-style-type: none"> ✓ Nationwide Distribution Network <p>Efficient and extensive network enables strong market penetration across urban and rural areas.</p> | <p>Weaknesses</p> <ul style="list-style-type: none"> • High Production Cost <p>Import dependency on some raw materials and high energy costs affect profit margins.</p> <ul style="list-style-type: none"> • Limited Market Share in Lager Segment <p>Compared to Nigerian Breweries and International Breweries, Guinness is less dominant in the lager beer segment.</p> <ul style="list-style-type: none"> • Foreign Exchange Exposure <p>Operations are vulnerable to forex volatility due to imported inputs and profit repatriation</p> |
| External Factors | |
| <p>Opportunities</p> <ul style="list-style-type: none"> ➤ Growing Youth Population <p>Rising demand for innovative, lifestyle-oriented drinks among young consumers offers growth potential.</p> <ul style="list-style-type: none"> ➤ Expansion of Non-Alcoholic Market <p>Increased focus on health and religion-friendly beverages presents diversification opportunities.</p> <ul style="list-style-type: none"> ➤ Backward Integration <p>Investing in local raw material sourcing (e.g., sorghum) can reduce cost and improve supply chain resilience</p> | <p>Threats</p> <ul style="list-style-type: none"> ✚ Intense Industry Competition <p>Aggressive pricing and market expansion by Nigerian Breweries and International Breweries can affect market share.</p> <ul style="list-style-type: none"> ✚ Regulatory Pressure <p>Taxes on alcohol, advertising restrictions, and policy changes can impact business operations.</p> <ul style="list-style-type: none"> ✚ Counterfeit Products <p>Presence of fake or substandard beverages in the market may erode brand trust and sales.</p> |

The SWOT analysis of Guinness Nigeria Plc provides a comprehensive understanding of the company’s internal strengths and weaknesses, alongside the external opportunities and threats it faces within the dynamic Nigerian brewery industry. This analysis helps highlight strategic areas that the company can leverage for growth and sustainability, as well as areas that require mitigation and improvement.

Strengths:

Guinness Nigeria Plc boasts a strong brand heritage that spans over seven decades in the Nigerian market. Its parent company, Diageo Plc, brings significant global experience, financial strength, and technical expertise, which bolster Guinness’s operations. The company’s diverse product portfolio, including iconic brands like Guinness Foreign Extra Stout, Malta Guinness, Orijin, and Smirnoff Ice, caters to a wide range of consumers in both alcoholic and non-alcoholic segments. Additionally, its extensive distribution network across Nigeria ensures widespread product availability. Guinness’s emphasis on innovation, responsible drinking

campaigns, and corporate social responsibility further enhances its public image and stakeholder trust.

Weaknesses:

Despite its strengths, Guinness Nigeria faces certain internal challenges. One of its key weaknesses lies in its high operational costs, particularly in energy and logistics, which affect profit margins. The company is also heavily reliant on imported raw materials for some of its production, making it vulnerable to foreign exchange volatility. Moreover, some product categories, such as lager beers, have a relatively lower market share compared to competitors like Nigerian Breweries. Occasionally, supply chain disruptions and limited affordability among lower-income consumers affect market penetration in rural areas.

Opportunities:

The Nigerian market presents several growth opportunities for Guinness. Rising urbanization and a growing youthful population open doors for increased consumption of beverages, particularly

innovative alcoholic blends and low- and no-alcohol drinks. The increasing preference for premium brands and health-conscious products also provides room for product diversification. Expansion into untapped rural markets, leveraging digital sales platforms, and investment in local sourcing of raw materials to reduce costs are key areas for strategic advancement. Furthermore, participation in environmental sustainability initiatives and community partnerships can deepen brand loyalty.

Threats:

Guinness Nigeria operates in an environment with several external threats. Intense competition from domestic and international brewers, including Nigerian Breweries and International Breweries, poses pricing and market share pressures. Macroeconomic instability, inflation, and fluctuating exchange rates can increase operating costs and reduce consumer purchasing power. Additionally, changes in government regulation, such as excise tax increases and advertising restrictions, could impact profitability and brand visibility. Insecurity and infrastructure challenges in some parts of the country also pose risks to distribution and market access.

Financial Analysis

Guinness Statement of Financial Position as at December 31st, 2024

The Statement of Financial Position of Guinness Nigeria Plc as at December 31st, 2024, provides a snapshot of the company's financial standing at the end of its fiscal year. This essential financial report outlines the company's assets, liabilities, and shareholders' equity, highlighting how resources are allocated and funded. It serves as a critical tool for stakeholders including investors, creditors, analysts, and regulators—to assess the company's liquidity, solvency, and overall financial health.

By comparing current and non-current assets with short- and long-term liabilities, the statement reveals Guinness Nigeria's ability to meet its obligations and invest in future growth. It also reflects the company's financial discipline, operational efficiency, and strategic capital structure. The balance sheet is not just a compliance document it is a valuable indicator of performance strength and risk exposure, supporting informed decision-making and strategic planning.

Below is the Statement of Financial Position of Guinness Nigeria Plc as at December 31st, 2024, summarizing its financial components:

Guinness Statement of Financial Position as at December 31st, 2024Table 16: CONDENSED STATEMENT OF FINANCIAL POSITION for the period ended 31st December, 2024

| ASSETS | Notes | 31 December 2024 N'000 | 30 June 2024 N'000 |
|--------------------------------------|-------|---------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 16 | 108,372,024 | 101,321,397 |
| Intangible assets | 16 A | 404,577 | 481,120 |
| Right of use assets | 17 | 130,176 | 131,180 |
| Deferred Tax Asset | | 17,623,951 | 20,640,824 |
| Total non-current assets | | 126,530,728 | 122,574,521 |
| Current assets | | | |
| Trade and other receivables | 18 | 43,389,613 | 13,225,730 |
| Prepayment and other assets | 19 | 10,253,314 | 1,561,241 |
| Inventories | 20 | 80,804,408 | 41,857,479 |
| Restricted Cash | 21 | 1,081,786 | 1,106,760 |
| Cash and cash equivalents | 21 | 18,116,422 | 45,804,346 |
| Total current assets | | 153,645,542 | 103,555,556 |
| Total assets | | 280,176,270 | 226,130,077 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Share capital | 22 | 1,095,191 | 1,095,191 |
| Share Premium | 23 | 47,447,029 | 47,447,029 |
| Retained earnings | | (46,683,509) | (46,380,754) |
| Total equity | | <u>1,858,711</u> | <u>2,161,466</u> |
| Non-Current Liabilities | | | |
| Lease Liabilities | 17 | 146,456 | 135,325 |
| Retirement benefit obligation | | 1,152,356 | 1,363,939 |
| Total Non-Current Liabilities | | 1,298,812 | 1,499,264 |
| Current liabilities | | | |
| Bank overdraft | 21 | 18,961,923 | |
| Current tax liabilities | | 1,897,503 | 2,503,543 |
| Dividend payable | 24 | 1,127,380 | 1,184,550 |
| Loans and borrowings | 26 | 59,369,684 | 40,132,900 |
| Contract Liabilities | 5 | 1,196,305 | 2,743,373 |
| Trade and other payables | 25 | 194,465,932 | 175,904,964 |
| Lease liabilities | 17 | | |
| Total current liabilities | | 277,018,746 | 222,469,347 |
| Total liabilities | | 278,317,559 | 223,968,611 |

Source: Company's Report (2024).

Note: These Financial Statements were approved by the board of directors on 22 January 2025

Table 17: CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2024

| | | Quarter to date 31-12-2024 | Year to Date 31-12-2024 | Quarter to date 31-12-2023 | Year to Date 31-12-2023 |
|---|-------|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | Notes | N'000 | N'000 | N'000 | N'000 |
| Continuing operations | | | | | |
| Revenue | 5 | 133,719,046 | 259,604,670 | 83,059,107 | 142,595,584 |
| Cost of sales | 6 | (88,969,009) | (200,598,317) | (55,257,796) | (96,656,631) |
| Gross profit | | 44,750,037 | 59,006,353 | 27,801,311 | 45,938,953 |
| Other Income | 9 | 91,273 | 159,071 | 1,117,962 | 2,513,893 |
| Administrative Expenses | 7 | (8,380,001) | (16,267,091) | (4,919,399) | (8,264,980) |
| Marketing and Distribution Expenses | 8 | (18,339,140) | (31,642,254) | (15,476,847) | (23,790,707) |
| Profit from Operating Activities | | 18,122,169 | 11,256,079 | 8,523,027 | 16,397,159 |
| Finance expenses | 11 | (59,507,433) | (71,115,626) | (19,263,972) | (23,884,309) |
| Finance Income | 12 | 61,526,433 | 63,966,656 | 2,490,972 | 3,054,901 |
| Profit/(loss) before tax | | 20,141,169 | 4,107,109 | (8,249,973) | (4,432,249) |
| Income Tax | 14 | (8,277,615) | (4,409,864) | 420,231 | (801,440) |
| Profit/(loss) for the year | | 11,863,554 | (302,755) | (7,829,742) | (5,233,689) |
| Earnings per share | | | | | |
| Profit/(loss) per share (Kobo) | 15 | 542 | (14) | (357) | (239) |

Source: Company's Annual Report (2024)

The financial performance of Guinness Nigeria Plc for the period ending December 31, 2024, demonstrates a significant improvement compared to the same period in 2023, particularly in revenue generation and operational profitability.

For the quarter ended December 31, 2024, the company recorded a revenue of ₦133.72 billion, reflecting a notable increase from ₦83.06 billion in the same quarter of 2023. On a year-to-date basis, total revenue stood at ₦259.60 billion, a substantial growth from ₦142.60 billion in the previous year. This surge in revenue signals strong market demand, improved product distribution, or pricing adjustments that favored higher sales volume and value.

Cost of sales also increased correspondingly, with ₦88.97 billion reported for the current quarter and ₦200.60 billion year-to-date, compared to ₦55.26 billion and ₦96.66 billion respectively in 2023. Despite this rise in production and operational input costs, the gross profit expanded significantly ₦44.75 billion for the quarter and ₦59.01 billion for the year-to-date period, up from ₦27.80 billion and ₦45.94 billion in the prior year. This suggests improved cost management or

higher-margin product mixes.

Other income was considerably lower in 2024, at ₦91.27 million for the quarter and ₦159.07 million year-to-date, compared to over ₦1.1 billion and ₦2.5 billion respectively in 2023. This decline indicates that non-core income sources were less significant in 2024, placing greater weight on operational efficiency for earnings performance.

Administrative expenses rose to ₦8.38 billion in the quarter and ₦16.27 billion year-to-date, which is higher than the ₦4.92 billion and ₦8.26 billion reported in 2023. Marketing and distribution costs also increased, reflecting heightened promotional activity or expanded sales efforts, with ₦18.34 billion spent during the quarter and ₦31.64 billion across the year, compared to ₦15.48 billion and ₦23.79 billion in the previous year.

Operating profit showed marked improvement, standing at ₦18.12 billion for the quarter and ₦11.26 billion year-to-date, contrasting with ₦8.52 billion and ₦16.40 billion in the corresponding periods of 2023. While quarter-to-date performance was strong, the lower year-to-date figure relative

to 2023 suggests that earlier quarters may have been weaker.

Finance expenses soared to ₦59.51 billion for the quarter and ₦71.12 billion year-to-date, a sharp rise from ₦19.26 billion and ₦23.88 billion in 2023. This may reflect higher borrowing costs or increased debt obligations. However, finance income also surged impressively to ₦61.53 billion and ₦63.97 billion in 2024, from ₦2.49 billion and ₦3.05 billion respectively in 2023, offsetting much of the finance costs and leading to a positive turnaround in profitability.

As a result, Guinness reported a profit before tax of ₦20.14 billion for the quarter and ₦4.11 billion year-to-date in 2024, reversing the losses of ₦8.25 billion and ₦4.43 billion in the

corresponding 2023 periods. After accounting for income tax expenses of ₦8.28 billion in the quarter and ₦4.41 billion year-to-date, the company closed the year with a quarterly net profit of ₦11.86 billion. On a full-year basis, however, Guinness recorded a small net loss of ₦302.76 million still a considerable recovery from the ₦5.23 billion loss reported in 2023.

Earnings per share mirrored these results. In the fourth quarter of 2024, the company earned 542 Kobo per share, reflecting strong shareholder value. However, the year-to-date earnings per share remained slightly negative at 14 Kobo, though this was a significant improvement from the negative 357 Kobo reported the previous year.

Table 18: CONDENSED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2024

| | Share capital | Share premium | Share based payment reserve | Retained Earnings | |
|--|------------------|-------------------|-----------------------------|---------------------|---------------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Balance at 1 July 2023 | 1,095,191 | 47,447,029 | - | 7,882,396 | 56,424,616 |
| Loss for the year | | | - | (5,233,689) | (5,233,689) |
| Total comprehensive (loss) for the period | - | - | - | (5,233,689) | (5,233,689) |
| Unclaimed Dividend written back | | | | 511,114 | 511,114 |
| Share-based payment charge | | | 70,736 | | 70,736 |
| Share-based payment recharge | | | (70,736) | | (70,736) |
| Balance at 31 December 2023 | 1,095,191 | 47,447,029 | - | 3,159,821 | 51,702,041 |
| Loss for the year | | | - | (49,533,087) | (49,533,087) |
| Total comprehensive (loss) for the period | - | - | - | (49,533,087) | (49,533,087) |
| Unclaimed Dividend written off | | | | (7,488) | (7,488) |
| Share-based payment charge | | | 12,146 | | 12,146 |
| Share-based payment recharge | | | (12,146) | | (12,146) |
| Balance at 30 June 2024 | 1,095,191 | 47,447,029 | - | (46,380,754) | 2,161,466 |
| Profit for the period | - | - | - | (302,755) | (302,755) |
| Total comprehensive profit for the period | - | - | - | (302,755) | (302,755) |
| Share-based payment charge | | | 29,567 | | 29,567 |
| Share-based payment recharge | | | (29,567) | | (29,567) |
| Balance at 31 December 2024 | 1,095,191 | 47,447,029 | - | (46,683,509) | 1,858,711 |

Source: Company's Annual Report (2024)

The equity movement of Guinness Nigeria Plc between July 1, 2023, and December 31, 2024, reveals significant fluctuations in retained earnings due to a combination of operational losses and minor share-based payment adjustments.

At the start of the period on July 1, 2023, the company held a share capital of ₦1.095 billion, a robust share premium of ₦47.45 billion, and retained earnings of ₦7.88 billion, amounting to total shareholders' equity of ₦56.42 billion. However, by the end of December 2023, Guinness reported a loss of ₦5.23 billion. Despite a modest credit of ₦511.11 million from unclaimed dividends written back and a temporary share-based payment charge of ₦70.74 million, which was later recharged and offset, the company's equity declined to ₦51.70 billion due to the retained earnings drop to ₦3.16 billion.

The downward trend continued into the first half of 2024. Guinness experienced a much larger loss of ₦49.53 billion, which significantly reduced retained earnings to a negative balance of

₦46.38 billion by June 30, 2024. A small adjustment for unclaimed dividends written off, amounting to ₦7.49 million, and another cycle of share-based payment charges and recharges (₦12.15 million each) had no material impact on reversing the erosion of equity. By mid-2024, the total equity had dropped to ₦2.16 billion.

The latter half of 2024 showed only a slight improvement. Guinness recorded a smaller loss of ₦302.76 million between July and December. Although another share-based payment charge and corresponding recharge of ₦29.57 million occurred, it did not affect the balance. Consequently, retained earnings further declined slightly to a deficit of ₦46.68 billion, and total equity dropped to ₦1.86 billion by the end of December 2024.

This sequence reflects a concerning erosion of shareholder value over the period, driven primarily by persistent operating losses. While the company has maintained its share capital and premium, the recurring negative net results have significantly weakened its retained earnings and overall equity position.

Shareholders' Value

Notes to the condensed financial statements for the period ended 31 December 2024

| 24 | Dividend Payable | 31 Dec 2024 | 30 June 2024 |
|----|---|------------------|------------------|
| | | N'000 | N'000 |
| | At 1 July | 1,184,550 | 1,695,832 |
| | Declared dividend | - | - |
| | Declared, but not yet paid dividend - ICO | 1,184,550 | 1,695,832 |
| | Unclaimed dividend transferred to retained earnings | - | (503,626) |
| | Unclaimed dividend with Registrar | (32,196) | 42,395 |
| | Payments during the year: | | |
| | <i>Paid to the Registrar</i> | (24,974) | (50,051) |
| | <i>Restricted cash</i> | | |
| | <i>Cash and cash equivalents</i> | - | - |
| | Balance at 31 December 2024 | 1,127,380 | 1,184,550 |
| | Dividend payable is represented by | | |
| | Restricted cash | 1,081,786 | 1,106,760 |
| | Balance with Registrar | 45,594 | 77,790 |
| | Balance at 31 December 2024 | 1,127,380 | 1,184,550 |
| | | | |
| 25 | Trade and other payables | 31 Dec 2024 | 30 June 2024 |
| | | N'000 | N'000 |
| | Financial Liabilities | | |
| | Trade Payables | 157,425,064 | 50,723,291 |
| | Due to Related Party | - | 111,039,096 |

| | | |
|---------------------------------------|--------------------|--------------------|
| Other payables and accrued expenses | 30,036,073 | 12,567,951 |
| | <u>187,461,137</u> | <u>174,330,338</u> |
| Non Financial Liabilities | | |
| Refund Liabilities | 280,532 | 74,607 |
| Other payables and accrued expenses | 6,724,263 | 1,500,019 |
| | <u>7,004,795</u> | <u>1,574,626</u> |
| Total Trade and Other Payables | <u>194,465,932</u> | <u>175,904,964</u> |

| | | |
|----------------------|--------------------|---------------------|
| 26 Borrowings | 31 Dec 2024 | 30 June 2024 |
| | N'000 | N'000 |

a. Loans and borrowings comprise:

| | | |
|---------------------|-------------------|-------------------|
| Related Party Loans | - | 39,318,754 |
| Short term loans | 59,369,684 | 814,146 |
| | <u>59,369,684</u> | <u>40,132,900</u> |

b. Movement in loans and borrowings:

| | 31 Dec 2024 | 30 June 2024 |
|---|--------------------------|--------------------------|
| | N'000 | N'000 |
| At 1 July | 40,132,900 | 63,755,939 |
| Addition | 65,050,971 | 3,889,841 |
| Interest expense during the year | 4,189,894 | 6,573,847 |
| Interest accrued | 3,482,826 | (491,433) |
| Tax Deducted | - | (100,191) |
| Exchange difference on foreign currency letter of credits | 41,693 | 2,435,456 |
| Exchange difference on foreign currency intercompany loan | 1,066,348 | 20,486,715 |
| Interest paid | (4,189,894) | (6,573,847) |
| Loans repaid during the year | (50,405,054) | (49,843,427) |
| Balance at 31 December 2024 | <u>59,369,684</u> | <u>40,132,900</u> |

Source: Company's Annual Report (2024)

The notes to the condensed financial statements for Guinness Nigeria Plc as at and for the period ended December 31, 2024, provide a detailed breakdown of specific financial liabilities, including dividend payables, trade and other payables, and borrowings. These notes highlight important aspects of the company's obligations and financial activities during the reporting period.

Dividend Payable

As of December 31, 2024, the dividend payable stood at ₦1.13 billion, a slight decrease from ₦1.18 billion at the end of June 2024. This balance is primarily made up of restricted cash of ₦1.08 billion and a balance with the Registrar of ₦45.59 million. No new dividends were declared during the period, but there was still an unpaid declared dividend of ₦1.18 billion carried over from previous periods. In comparison to June, the company transferred no unclaimed dividends to retained earnings, unlike the prior period where ₦503.63 million was moved. Payments to the Registrar also reduced to ₦24.97 million, down from ₦50.05 million previously. This suggests a stable, albeit modest, activity level regarding dividend obligations during the period.

Trade and Other Payables

Trade and other payables showed a significant increase, rising to ₦194.47 billion as at December 31, 2024, compared to ₦175.90 billion in June 2024. Financial liabilities within this category were driven primarily by trade payables, which saw a dramatic jump from ₦50.72 billion to ₦157.43 billion. Conversely, amounts due to related parties dropped to nil from ₦111.04 billion, indicating a potential clearance or restructuring of intercompany obligations. Other financial payables and accrued expenses rose from ₦12.57 billion to ₦30.04 billion.

Non-financial liabilities also grew modestly, with refund liabilities increasing from ₦74.61 million to ₦280.53 million, and other accrued expenses rising significantly from ₦1.50 billion to ₦6.72 billion. This upward trend in trade payables may reflect either an expansion in procurement activity or deferred payments, suggesting pressure on short-term liquidity or strategic supplier financing.

Borrowings

Guinness Nigeria's borrowings also expanded during the second half of 2024, climbing to ₦59.37 billion by year-end from ₦40.13 billion at the end of June. This increase came primarily from short-term loans, which ballooned from just ₦814 million to ₦59.37 billion. Related party loans were eliminated during the period, dropping from ₦39.32 billion to zero, indicating full repayment or conversion of those obligations.

In terms of movement, new loan additions totaled ₦65.05 billion, while repayments during the period amounted to ₦50.41 billion. Interest expenses of ₦4.19 billion were fully paid, and accrued interest stood at ₦3.48 billion. The statement also reflects exchange rate-related adjustments, with ₦41.69 million attributed to foreign currency letters of credit and ₦1.07 billion from intercompany loans, showing the impact of naira volatility on foreign-denominated debt.

Overall, the notes highlight that Guinness Nigeria Plc is managing a growing liability base, marked by increased short-term borrowing and higher trade payables, while actively settling previous intercompany obligations. However, consistent operating losses and pressure on retained earnings as seen in other parts of the financial report suggest that the company may be relying more heavily on external funding and deferring payables to support operations.

Revenue Growth and Performance

Guinness Nigeria Plc has experienced fluctuating revenue performance over the past five years, reflecting the interplay of macroeconomic pressures, shifting consumer preferences, regulatory dynamics, and internal strategic adjustments. From 2019 through 2023, the company's sales volume and revenue have demonstrated both resilience and vulnerability in the face of Nigeria's challenging business environment.

During this period, Guinness recorded variations in its revenue trajectory. In certain years, revenue growth was driven by product innovation, expansion of premium offerings, and distribution enhancements. These efforts helped the company tap into emerging consumer segments and compete effectively within the premium and mainstream beer categories. Strategic investments in marketing and route-to-market improvements further supported revenue momentum in those years.

However, performance was also impacted by inflationary cost pressures, volatility in foreign exchange rates, and rising excise duties, all of which affected pricing power and profit margins. Despite these headwinds, Guinness's strong brand equity and diversified product portfolio including spirits, stouts, and non-alcoholic beverages allowed it to maintain market relevance and recover from downturns.

The fiscal year 2023, in particular, saw increased revenue compared to 2022, which can be attributed to improved product mix and pricing strategies. Yet, rising operating costs and macroeconomic instability also pressured profitability, meaning top-line growth did not always translate into bottom-line improvements.

Table 18: CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**For the period ended 31 December 2024**

| | | Quarter to date 31-12-2024 | Year to Date 31-12-2024 | Quarter to date 31-12-2023 | Year to Date 31-12-2023 |
|---|-------|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | Notes | N'000 | N'000 | N'000 | N'000 |
| Continuing operations | | | | | |
| Revenue | 5 | 133,719,046 | 259,604,670 | 83,059,107 | 142,595,584 |
| Cost of sales | 6 | (88,969,009) | (200,598,317) | (55,257,796) | (96,656,631) |
| Gross profit | | 44,750,037 | 59,006,353 | 27,801,311 | 45,938,953 |
| Other Income | 9 | 91,273 | 159,071 | 1,117,962 | 2,513,893 |
| Administrative Expenses | 7 | (8,380,001) | (16,267,091) | (4,919,399) | (8,264,980) |
| Marketing and Distribution Expenses | 8 | (18,339,140) | (31,642,254) | (15,476,847) | (23,790,707) |
| Profit from Operating Activities | | 18,122,169 | 11,256,079 | 8,523,027 | 16,397,159 |
| Finance expenses | 11 | (59,507,433) | (71,115,626) | (19,263,972) | (23,884,309) |
| Finance Income | 12 | 61,526,433 | 63,966,656 | 2,490,972 | 3,054,901 |
| Profit/(loss) before tax | | 20,141,169 | 4,107,109 | (8,249,973) | (4,432,249) |
| Income Tax | 14 | (8,277,615) | (4,409,864) | 420,231 | (801,440) |
| Profit/(loss) for the year | | 11,863,554 | (302,755) | (7,829,742) | (5,233,689) |
| Earnings per share | | | | | |
| Profit/(loss) per share (Kobo) | 15 | 542 | (14) | (357) | (239) |

Source: Company's Report (2024).

Interpretation of Guinness Nigeria Plc's Income Statement (Quarter and Year Ended 31 December 2024)

The financial performance of Guinness Nigeria Plc for the quarter and year ended 31 December 2024 shows a strong recovery in topline growth but continued pressures on profitability due to high finance costs and operating expenses.

Revenue and Gross Profit

Revenue for the quarter ended 31 December 2024 surged to ₦133.72 billion, a significant increase from ₦83.06 billion in the corresponding quarter of 2023. Year-to-date revenue also rose sharply to ₦259.60 billion compared to ₦142.60 billion in the prior year. This reflects a rebound in sales volume, improved pricing, and stronger demand across key product categories.

Cost of sales increased correspondingly, rising from ₦55.26 billion to ₦88.97 billion quarter-on-quarter, and from ₦96.66 billion to ₦200.60 billion year-to-date. Despite this, gross profit improved substantially reaching ₦44.75 billion in the quarter and ₦59.01 billion year-to-date, up from ₦27.80 billion and ₦45.94 billion

respectively. This indicates better cost management relative to revenue growth and possibly a more favorable product mix.

Operating Income

Other income declined significantly year-on-year, falling from ₦1.12 billion to just ₦91.27 million for the quarter, and from ₦2.51 billion to ₦159.07 million year-to-date. However, this was offset by revenue gains.

Administrative expenses and marketing & distribution expenses both increased indicative of inflationary pressures, expanded market activities, or restructuring efforts. Total operating expenses reached ₦26.72 billion for the quarter and ₦47.91 billion year-to-date. Nevertheless, profit from operating activities still improved to ₦18.12 billion for the quarter and ₦11.26 billion for the year, from ₦8.52 billion and ₦16.40 billion respectively, showing efficiency in converting revenue to operating profit.

Finance Costs and Net Profit

Finance expenses were extraordinarily high at ₦71.12 billion year-to-date, compared to ₦23.88 billion in the prior year. This could

reflect rising interest rates, increased borrowings, or foreign exchange losses. However, a significant gain in finance income ₦63.97 billion year-to-date (up from ₦3.05 billion) helped mitigate the impact.

The result was a pre-tax profit of ₦4.11 billion for the year compared to a loss of ₦4.43 billion in the prior period. After tax, the company posted a small loss of ₦302.76 million, a vast improvement from the ₦5.23 billion loss in the previous year.

Earnings per Share (EPS)

The company's EPS improved from a loss of 239 kobo in 2023 to just 14 kobo loss in 2024, reflecting a near break-even position and indicating that profitability per share is stabilizing.

Financial Projection: Cash flow Projection for Guinness Nigeria Plc

Cash flow projections are critical in evaluating the liquidity and financial sustainability of a company. For Guinness Nigeria Plc, projecting future cash flows helps stakeholders understand the company's expected ability to fund operations, repay debt, invest in assets, and return value to shareholders.

Below is a 5-year Cash flow Projection for Guinness Nigeria Plc, based on recent performance trends and assumptions regarding revenue growth, cost control, and capital expenditure:

Table 20: Projected Cash flow Statement (₦ Billions)

| <i>Year Ending Dec 31</i> | 2025 | 2026 | 2027 | 2028 | 2029 |
|--|-------------|-------------|-------------|-------------|-------------|
| <i>Cash flow from Operating Activities</i> | | | | | |
| <i>Net Profit Before Tax</i> | 9,500 | 15,800 | 21,200 | 26,300 | 32,700 |
| <i>Adjustments (Depreciation, etc.)</i> | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| <i>Changes in Working Capital</i> | (3,000) | (3,300) | (3,600) | (3,900) | (4,200) |
| <i>Net Cash from Operating Activities</i> | 13,500 | 19,500 | 24,600 | 29,400 | 35,500 |
| <i>Cash flow from Investing Activities</i> | | | | | |
| <i>Capital Expenditures</i> | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) |
| <i>Net Cash used in Investing Activities</i> | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) |
| <i>Cash flow from Financing Activities</i> | | | | | |
| <i>Loan Repayments</i> | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) |
| <i>Interest Paid</i> | (6,000) | (5,500) | (4,500) | (3,500) | (3,000) |
| <i>Dividends Paid</i> | 0 | 0 | (2,000) | (3,000) | (4,000) |
| <i>Net Cash used in Financing Activities</i> | (11,000) | (10,500) | (11,500) | (11,500) | (12,000) |
| <i>Net Increase in Cash & Cash Equivalents</i> | (7,500) | (1,000) | 3,100 | 7,900 | 13,500 |
| <i>Opening Cash Balance</i> | 1,500 | (6,000) | (7,000) | (3,900) | 4,000 |
| <i>Closing Cash Balance</i> | (6,000) | (7,000) | (3,900) | 4,000 | 17,500 |

Source: Annual Reports (2020-2023)

The projected cash flow shows that Guinness Nigeria Plc is gradually recovering from recent financial pressures. While the company will face liquidity challenges in the short term (2025–2026), its cash position is expected to improve significantly from 2027 onwards, driven by stronger operating performance and lower finance costs.

2025:

In 2025, the company expects to generate ₦13.5 billion from its core operations, reflecting an ongoing turnaround in revenue and profitability. However, it will also spend ₦10 billion on capital projects (like new equipment or factory upgrades) and ₦11 billion to service debt and interest. This leads to a net cash deficit of ₦7.5 billion, pushing the year-end cash balance into a negative ₦6 billion position.

2026:

Cash from operating activities improves to ₦19.5 billion due to better profit margins and tighter cost controls. But since capital expenditure and financing outflows remain high (₦10 billion and ₦10.5 billion respectively), the company still ends the year with a negative cash balance of ₦7 billion. However, this is the final year of negative cash flow.

2027:

The company turns the corner in 2027. Operating cash flow reaches ₦24.6 billion. Even after spending ₦10 billion on capital projects and ₦11.5 billion on financing activities (including ₦2 billion in dividend payments, which signals renewed shareholder confidence), Guinness ends the year with a positive net cash inflow of ₦3.1 billion. The closing cash position improves to ₦3.9 billion in deficit, a significant recovery.

2028:

By 2028, the company is firmly in recovery mode. With operating cash flow rising to ₦29.4 billion and financing costs dropping (due to reduced debt), the company generates a net cash surplus of ₦7.9 billion. This moves the company to a positive year-end cash balance of ₦4 billion. It also pays out ₦3 billion in dividends, indicating growing financial health.

2029:

In 2029, the company’s financial position strengthens further. With ₦35.5 billion in operating cash, ₦10 billion in capex, and ₦12 billion in financing costs (including ₦4 billion in dividends), Guinness still ends with a cash surplus of ₦13.5 billion. This boosts the total cash balance to ₦17.5 billion, highlighting strong liquidity and operational success.

Market Dynamics

Table 21: Market Dynamics Table for Guinness Nigeria Plc

| Category | Key Dynamics | Implication on Guinness Nigeria Plc |
|----------------------------------|--|---|
| Consumer Preferences | Rising demand for low/no-alcohol beverages and premium brands | Need to diversify product portfolio to align with changing tastes |
| Economic Factors | High inflation rate, naira devaluation, and reduced consumer purchasing power | Pressure on pricing, profitability, and product affordability |
| Regulatory Environment | Increased taxation on alcoholic beverages and health warning policies | Potential impact on cost structure and product labeling requirements |
| Competitive Landscape | Intense rivalry from Nigerian Breweries, International Breweries, and local brands | Market share pressure, necessitating differentiation and innovation |
| Distribution Channels | Growth of digital retail, e-commerce, and direct-to-consumer models | Opportunity to expand beyond traditional channels and improve accessibility |
| Raw Material Costs | Volatility in agricultural input prices and import duties | Fluctuating production costs and need for local sourcing strategy |
| Technology Trends | Use of AI in marketing, automation in production, and digital supply chain | Opportunity to enhance operational efficiency and customer engagement |
| Demographic Shifts | Nigeria’s youthful population and urban migration | Growing target market for new product categories and urban retail expansion |
| Sustainability & ESG | Rising investor and consumer focus on sustainability and social impact | Need for transparent ESG reporting and greener production practices |
| Global Supply Chain Risks | Disruptions due to geopolitical tension, FX scarcity, and global shipping delays | Necessity to strengthen local sourcing and reduce dependence on imports |

Corporate Governance at Guinness Nigeria Plc

Guinness Nigeria Plc operates under a strong governance framework in line with the Nigerian Code of Corporate Governance (NCCG 2018). The company maintains a balanced Board of Directors consisting of executive, non-executive, and independent directors to ensure strategic oversight and accountability.

Key Committees:

| Committee | Primary Responsibility |
|--------------------------------------|--|
| Audit Committee | Ensures integrity of financial reporting and internal controls |
| Governance & Remuneration | Oversees corporate governance and directors' remuneration |
| Risk Management Committee | Monitors and evaluates business risks and compliance |

Code of Ethics and Compliance

Guinness maintains a robust internal code of business conduct that guides employee behavior, vendor relationships, and financial disclosures. It operates a whistle-blower policy and encourages transparency through regular audits and compliance training. Guinness Nigeria integrates social impact into its business operations by addressing issues related to public health, education, water, and youth empowerment.

Table 22: Code of Ethics and Compliance

| CSR Area | Initiative/Program | Impact |
|------------------------------|--|---|
| Health & Safety | Alcohol in Moderation Campaigns and DrinkIQ programs | Promotes responsible alcohol consumption and public health awareness |
| Water & Sanitation | Water of Life initiative – provision of boreholes and sanitation facilities | Enhanced access to clean water in rural communities |
| Education | Scholarship programs and donations to educational institutions | Improved educational access and youth capacity building |
| Youth Empowerment | Skills4Life program – vocational training and entrepreneurship support | Employment opportunities and reduced youth unemployment |
| Environmental Sustainability | Waste reduction, water reuse systems, and reduction in CO ₂ emissions | Progress toward environmental targets and green manufacturing practices |
| Local Sourcing | Sourcing over 75% of raw materials locally, including sorghum and maize | Strengthens local agriculture and supports economic development |

VRIO Analysis of Guinness Nigeria Plc

Table 23: VRIO framework evaluates a firm's resources and capabilities based on Value (V), Rarity (R), Imitability (I), and Organization (O).

| Resource/Capability | Valuable? (V) | Rare? (R) | Costly to Imitate? (I) | Organized to Exploit? (O) | Competitive Implication |
|--|---|---|---|---|-----------------------------------|
| Strong Brand Equity (e.g., Guinness, Orijin, Smirnoff) | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | Sustainable Competitive Advantage |
| Wide Distribution Network | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes | Temporary Competitive Advantage |
| Access to Diageo's Global R&D and Innovation | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | Sustainable Competitive Advantage |
| Local Raw Material Sourcing | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes | Competitive Parity |
| Experienced and Skilled Workforce | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes | Competitive Parity |
| Corporate Governance & Ethical Compliance | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | Sustainable Competitive Advantage |
| Strong Financial Resources | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes | Competitive Parity |
| Technological Investment (e.g., SAP systems, automation) | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes | Temporary Competitive Advantage |
| CSR and Community Engagement | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | Sustainable Competitive Advantage |
| Product Innovation & Market Adaptation | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> Yes | Sustainable Competitive Advantage |

Source: Authors' Compilation (2025).

Conclusion

Guinness Nigeria Plc remains one of the most prominent players in Nigeria's alcoholic and non-alcoholic beverage industry. The company's performance, strategic direction, and corporate governance reflect a blend of resilience, heritage, and innovation. Despite facing economic challenges, rising operational costs, and intense market competition, Guinness has demonstrated strong brand equity, product diversity, and access to global expertise through its parent company, Diageo.

The analysis of its financials reveals mixed results with periods of profitability and occasional losses largely influenced by foreign exchange volatility, finance costs, and macroeconomic pressures. Nonetheless, the company's long-standing market presence, investments in innovation, ethical business practices, and commitment to social responsibility have contributed to a sustainable competitive position.

Moreover, the VRIO analysis shows that Guinness possesses several key resources and capabilities that are valuable, rare, difficult to imitate, and well-organized particularly its brand reputation, global alliances, and community engagement strategies giving it a long-term strategic advantage.

In conclusion, Guinness Nigeria Plc is well-positioned to maintain its market relevance and pursue growth opportunities, provided it continues to adapt to changing consumer trends, manage its costs efficiently, and leverage its core competencies and global partnerships. The company's future outlook depends on its ability to navigate Nigeria's dynamic economic landscape while sustaining innovation, operational efficiency, and stakeholder trust.

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