

Equity Research

October 02, 2026

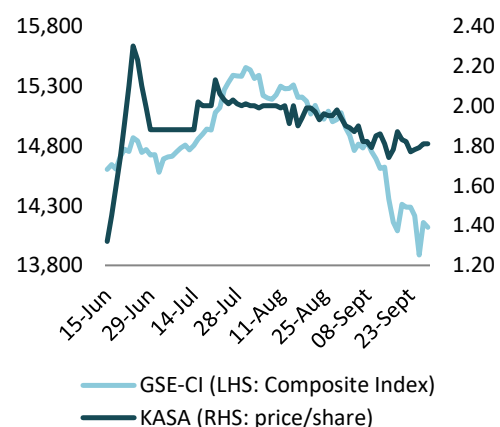
BUY

Stock data

Share price (GHS)	1.84
Target price (GHS)	2.29
Est. potential	+25%
Price range since listing (GHS)	1.20 – 2.30
Market Cap. (GHS'mn)	6,696.00
Market Cap. (USD'mn)	572.80
Shares outstanding (mn)	4,133.3
Free float shares	14%
12M turnover (GHS'mn)	123.98
Avg daily turnover (GHS)	1,653,043.25
Dividend yield (12M)	N/A
Fiscal year end	December
Sector	FMCG
Sub-sector	Food & Beverage Manufacturing
Sector rating	Neutral
Bloomberg ticker	KASA GN
GSE ticker	KASA

	2023A	2024A	2025A	2026E
EPS (GHS)	0.01	0.04	0.10	0.11
BVPS (GHS)	0.06	0.10	0.19	0.41
P/E (x)	N/A	N/A	N/A	17.34
P/BV (x)	N/A	N/A	N/A	4.46
EV/EBITDA(x)	N/A	N/A	N/A	8.60

Market Trend - GSE-CI & KASA Share Price



Data & Graph source: GSE & Laurus Africa Securities

Kasapreko PLC - Initiation Report

Expansion And Lower Finance Cost to Drive Higher-Quality Earnings

We initiate coverage on Kasapreko PLC (“KASA” or the “Company”) with a “BUY” recommendation and a 12-month target price of GHS2.29 per share. This implies potential upside of 25% from the current market price of GHS1.84. Our BUY view is supported by the funded Adeiso expansion, growth in nonalcoholic beverages and lower finance costs, which we expect to strengthen earnings.

Investment rationale

Our positive view on Kasapreko is anchored on its position as a scaled indigenous total beverage manufacturer, with established leadership in alcoholic beverages and growing exposure to water, energy drinks and carbonated soft drinks. Following the GHS700mn IPO, the company is entering a funded capacity expansion phase, with proceeds supporting the Adeiso facility and additional water and carbonated soft drink capacity. The capital raise has strengthened liquidity and reduced dependence on debt, while lower finance costs are allowing more operating profit to flow into net earnings. Overall, Kasapreko’s diversified portfolio, funded expansion and stronger balance sheet support our constructive medium-term outlook, subject to successful execution and cost control.

Our investment case is anchored on 4 pillars:

- **Strong brand equity and a diversified beverage portfolio**, supported by established alcoholic brands and growing exposure to water, energy drinks and carbonated soft drinks.
- **Funded capacity growth through the Adeiso expansion**, with IPO proceeds supporting new water and carbonated soft drink capacity. The main requirement is now successful execution and utilisation.
- **Deleveraging and stronger liquidity to support earnings conversion**, with finance costs declining by 24.9% y/y and bank borrowings falling by 65.4% to GHS128.7mn, while corporate bonds remained unchanged at GHS351.2mn.
- **Strong earnings momentum, with cost control remaining critical**. Operating profit and net profit grew by 27.4% and 23.3%, respectively, although flat gross margin and faster expense growth remain key watchpoints.

Valuation: We assign a “BUY” recommendation to KASA with a target price of GHS2.29/share, implying 25% upside. Our valuation uses a 60:40 blend of discounted cash flow (DCF) and relative valuation. The DCF valuation averages the Free Cash Flow to the Firm (FCFF) and Free Cash Flow to Equity (FCFE) estimates and assumes a Weighted Average Cost of Capital (WACC) of 16.8%, cost of equity of 18.3% and terminal growth rate of 11.5%. The relative valuation applies forward P/E and EV/EBITDA multiples from seven listed peers.

Key risks to our views and target price: Delays in commissioning or utilising the Adeiso capacity, renewed cedi and imported input cost pressure, weak core cost control, slower finance cost reduction, adverse excise or regulatory changes and higher capital or working capital requirements.

Company Background: Kasapreko PLC, incorporated in 1987 as Quab Gooding Company Limited, is a leading Ghanaian total beverage manufacturer. Its portfolio spans alcoholic and non-alcoholic brands, led by Alomo Bitters, Awake Water, Storm Energy and Puma carbonated soft drinks. The company operates production facilities in Accra and Kumasi and produces beverage inputs and provides toll packing services. Ghana remains its principal market, supported by exports across West Africa and selected international markets. In June 2026, Kasapreko completed a GHS700mn IPO of 583.3mn new shares at GHS1.20 each, mainly to fund the Adeiso facility and expand water and carbonated soft drink capacity.

Investment Case Justification

(1) Strong brand equity and a diversified beverage portfolio underpin a resilient revenue base.

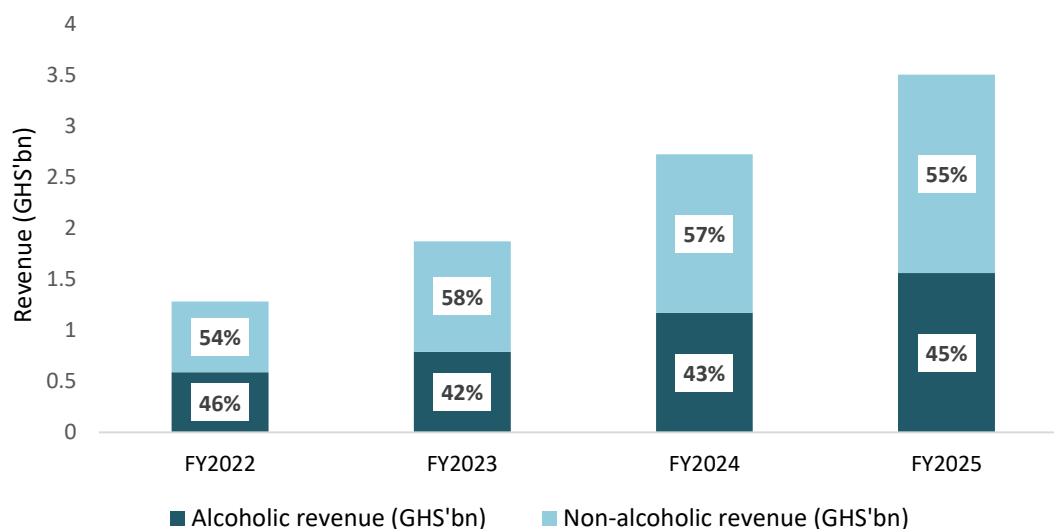
Kasapreko has evolved from a largely spirits focused manufacturer to a diversified beverage platform with established brands, broad distribution and exposure to several consumer segments. Revenue increased from GHS945.0mn in FY2021 to GHS3.50bn in FY2025, representing a CAGR of approximately 39%. As Figure 1 shows, this growth has been supported by both alcoholic and non-alcoholic beverages, reducing dependence on a single product category.

The alcoholic portfolio remains anchored by Alomo Bitters, supported by brands such as Carnival Liqueur, Black Rock Whisky and Freedom Beer. At the same time, Kasapreko has expanded its non-alcoholic platform through Awake Water, Storm Energy and Puma carbonated soft drinks. Non-alcoholic beverages contributed 55.5% of FY2025 revenue and recorded a gross margin of 33.9%, compared with 44.5% of revenue and a 29.6% gross margin for alcoholic beverages. This suggests that portfolio diversification is strengthening both the revenue base and earnings mix.

Geographic diversification provides further resilience. Domestic sales contributed 80.3% of FY2025 revenue, while exports accounted for 19.7%. Overall, Kasapreko's portfolio and market reach positions it to capture growth across both established alcoholic brands and higher volume non-alcoholic categories.

Non-alcoholic beverages now lead the revenue mix, strengthening both growth and margins...

Figure 1: Diversified portfolio has supported strong revenue growth across both beverage segments

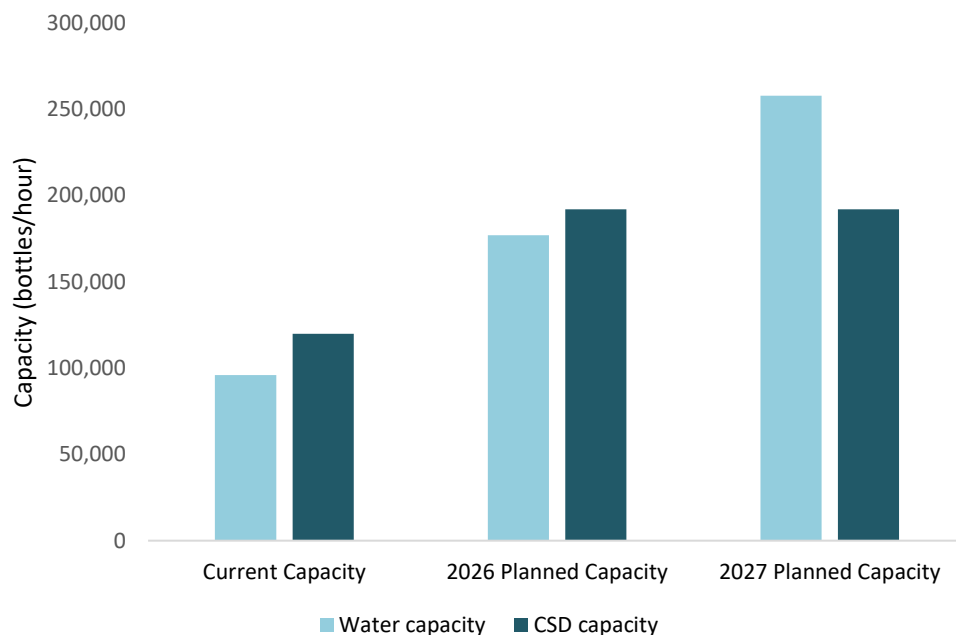


Source: Kasapreko PLC, Laurus Africa Securities

(2) Funded Adeiso expansion supports the next phase of capacity led growth.

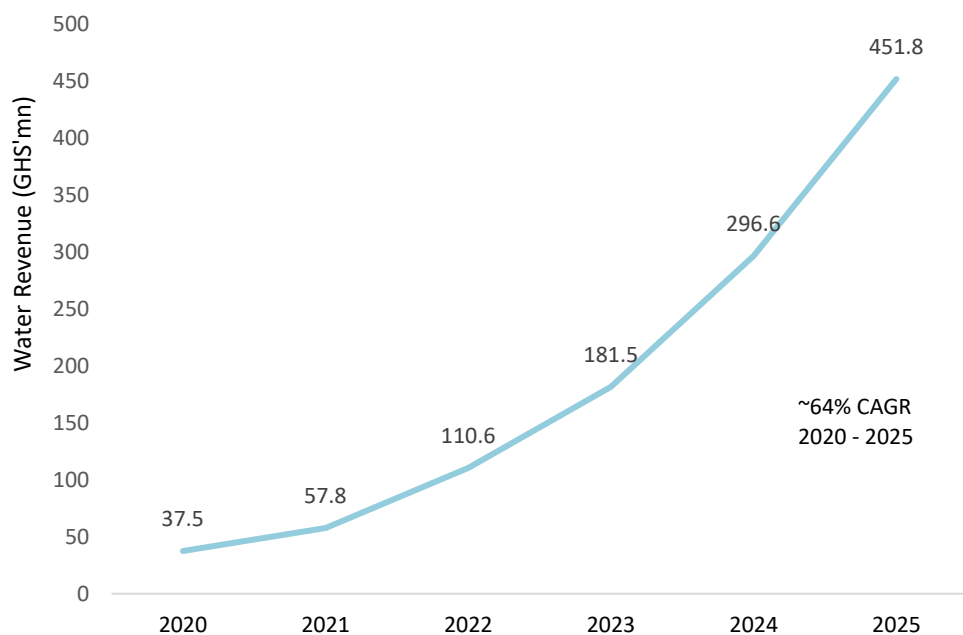
Completion of the GHS700mn IPO has materially reduced funding uncertainty, with GHS672.5mn of the gross proceeds allocated to the Adeiso facility. The project is focused on water and carbonated soft drinks, two categories central to Kasapreko's growing non-alcoholic platform. The expansion comprises two water lines and one carbonated soft drink line. As Figure 2a shows, water capacity is expected to increase from 96,000 bottles per hour to 177,000 in 2026 and 258,000 in 2027. Carbonated soft drink capacity is expected to rise from 120,000 bottles per hour to 192,000 by the end of 2026. With funding secured, the investment case now depends on timely commissioning, capacity utilisation and effective distribution. Successful execution should improve product availability and support volume growth in Kasapreko's expanding non-alcoholic categories.

IPO funding shifts Adeiso's key risk from financing to execution and capacity utilisation...

Figure 2a: Adeiso expansion to materially increase water and carbonated soft drink capacity by 2027


IPO funding supports a planned 2.7x increase in water capacity by 2027...

Source: Kasapreko PLC, Laurus Africa Securities

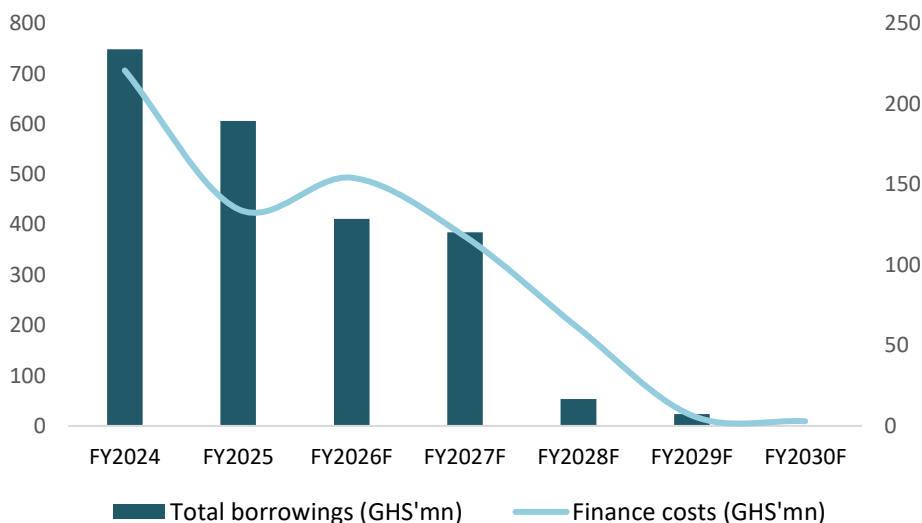
Figure 2b: Water has been the fastest-growing major category, reinforcing the need for new capacity


Water revenue grew at a 64% CAGR from 2020 to 2025, supporting demand for the additional capacity...

Source: Kasapreko PLC, Laurus Africa Securities

(3) Deleveraging and stronger liquidity are improving earnings conversion. Finance costs declined from GHS220.7mn in FY2024 to GHS134.6 mn in FY2025 and fell by a further 24.9% to GH¢72.8 million in 1HY-2026. Reported borrowings and corporate bonds also declined by 20.8% between December 2025 and June 2026, reducing the financing burden on earnings. The lower interest burden supported stronger profit growth in 1HY-2026. Revenue increased by 6.2%, while operating profit and net profit rose by 27.4% and 23.3%, respectively. However, operating profit also benefited from a positive swing in other operating income. Sustaining earnings growth will therefore require continued deleveraging and stronger core cost control. Operating cash flow increased to GHS185.5mn from GHS72.2mn. However, this improvement was more than offset by capital expenditure of GHS340.4mn resulting in a free cash flow deficit of GHS154.9mn. This reflects the current expansion phase, with IPO proceeds and stronger liquidity providing funding support. Longer term value creation will depend on converting the new capacity into stronger earnings and cash flow.

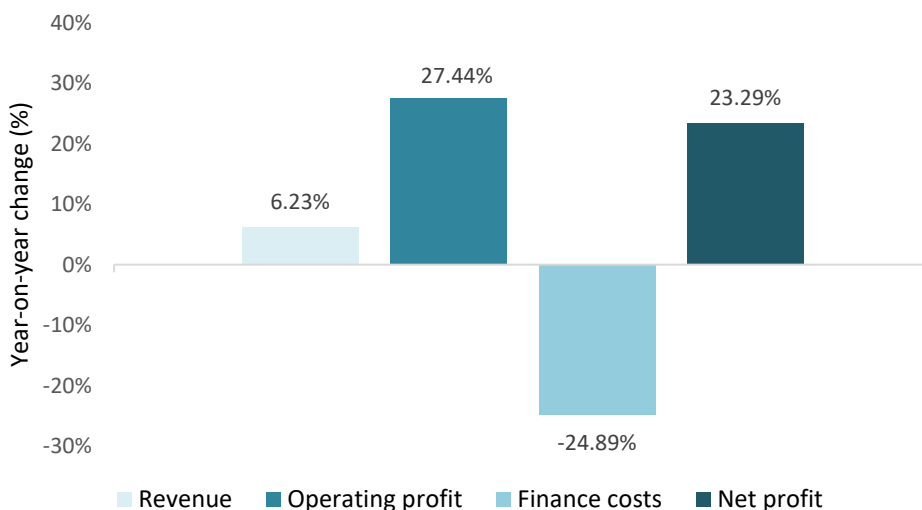
Figure 3a: Projected deleveraging should reduce Kasapreko's financing burden beyond FY2026



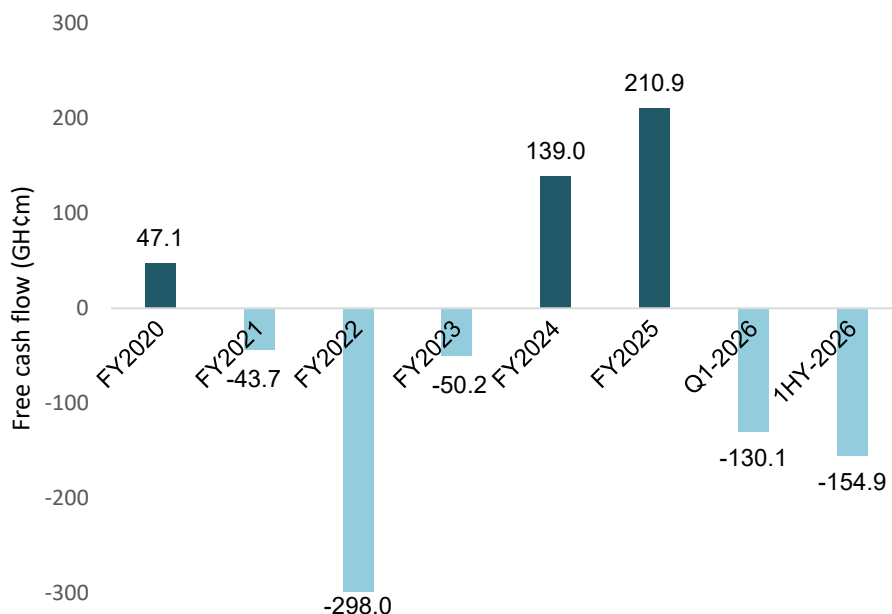
Deleveraging is reducing financing pressure and improving earnings conversion...

Source: Kasapreko PLC, Laurus Africa Securities

Figure 3b: 1HY-2026 profit growth outpaced revenue, supported by lower finance costs.



Source: Kasapreko PLC, Laurus Africa Securities

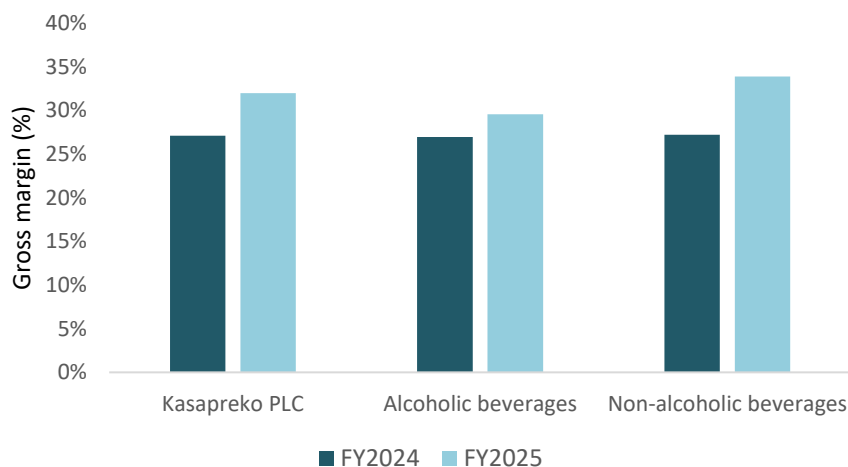
Figure 3c: Expansion spending pushed free cash flow negative in 1HY-2026


Source: Kasapreko PLC, Laurus Africa Securities

Expansion spending drove the 1HY-2026 free cash flow deficit despite stronger operating cash generation...

(4) Stronger margins provide a firmer earnings base, although cost discipline remains key. Kasapreko's FY2025 profitability improvement was broad based. Group gross margin rose from 27.1% to 32.0%, supported by increases from 26.9% to 29.6% in alcoholic beverages and from 27.2% to 33.9% in non-alcoholic beverages. The 1HY-2026 results present a more balanced picture. Gross margin remained broadly stable at 29.6% compared with 29.5% in 1HY-2025, but was below the FY2025 level. Operating margin improved from 14.4% to 17.3% as operating profit increased by 27.4%. However, this also reflected a positive swing in other operating income, while selling, general and administrative expenses increased by 20.3%, ahead of revenue growth. Over the medium term, forecasts assume that scale, backward integration, automation and sourcing efficiencies will reduce operating cost intensity. Opex to revenue is projected to decline from 13.7% in FY2026F to 10.9% in FY2030F, while EBITDA margin remains around 20%. Achieving this will depend on tighter overhead control as the Adeiso facility ramps up.

Non-alcoholic beverages led the FY2025 margin improvement, but overhead control remains critical...

Figure 4: FY2025 gross margin improvement was broad-based across both beverage segments


Source: Kasapreko, Laurus Africa Securities

Ghana's Beverage Industry

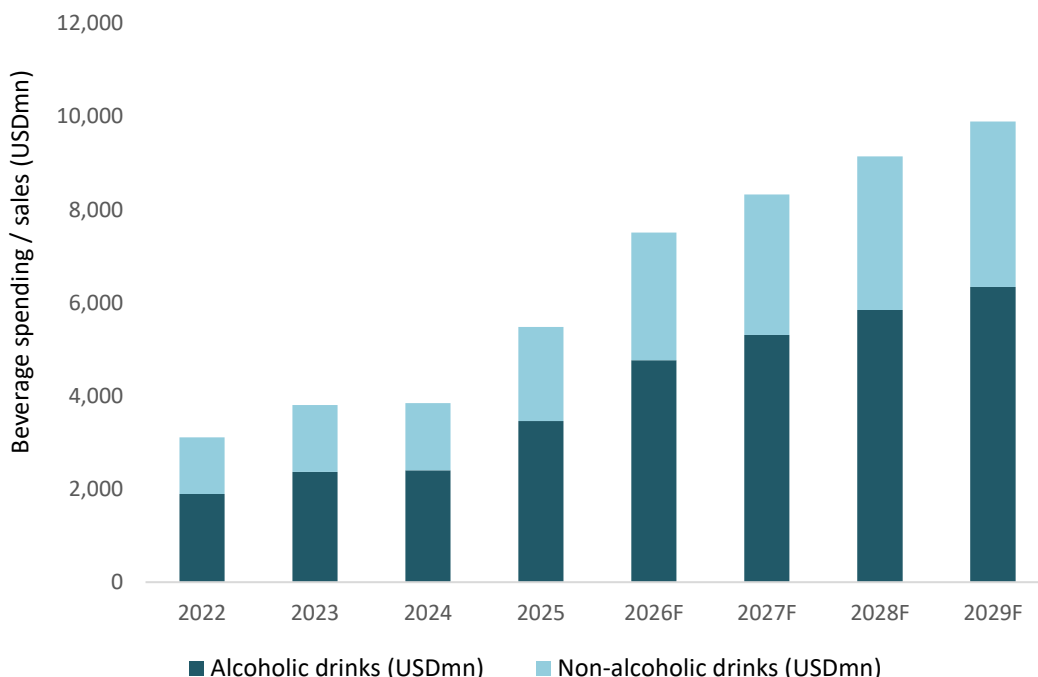
Industry Overview and Evolution

Ghana's beverage industry spans alcoholic products, including beer, wines and spirits, and non-alcoholic categories such as carbonated soft drinks, malt drinks, bottled water, energy drinks and juices. Local manufacturing remains central to supply. A 2021 industry study estimated that domestic producers accounted for 92% of the market. Demand is supported by everyday consumption, population growth and urbanisation, although purchasing power and product availability remain important.

In 2025, FMCG volume sales increased by 13.7% y/y, while value sales rose by 41.8%. The difference suggests that pricing and product mix, including some premiumisation, contributed more to market growth than volumes alone. However, momentum has not been uniform. Figure 5 should therefore be viewed as a growing nominal spending opportunity across beverage categories through 2029F, rather than uninterrupted volume expansion.

The industry has also evolved through consolidation, localisation and capacity investment. Castel acquired Diageo's 80.4% interest in Guinness Ghana, while Equatorial Coca-Cola Bottling Company agreed to acquire Voltic Ghana and West African Refreshments. Alongside the expansion of local producers such as Kasapreko and Twellium, these developments are intensifying competition in brands, production and distribution. With kiosks, provision shops, open markets, bars and street vendors remaining important sales channels, distribution reach, product availability and affordable pack sizes are critical to capturing demand. This favours scaled producers that can serve several categories and price points while controlling manufacturing and logistics costs.

Figure 5: Ghana's beverage market offers a multi-category growth runway through 2029F



Source: Kasapreko PLC, BMI / Fitch Solutions, Laurus Africa Securities

Pricing and product mix drove more of the 2025 market growth than volumes...

Scale and distribution will determine who captures the industry's multi-category growth...

Industry Outlook

The sector's outlook remains constructive, supported by lower inflation and improved financing conditions. Headline inflation declined to 4.6% in Jul-2026, below the Bank of Ghana's 6% to 10% target band. The policy rate was maintained at 14.0% in Sep-2026, compared with 28.0% in May-2025. These conditions should support real purchasing power and gradually reduce working capital financing costs. However, the cedi came under renewed pressure in Aug-2026 as corporate and offshore demand for foreign currency exceeded available supply. The improved macroeconomic environment therefore supports demand but does not remove the cost risks associated with imported inputs.

Lower inflation supports consumer demand, but cedi volatility keeps imported input costs exposed...

Structural demand remains supported by population growth, urbanisation and the expansion of formal retail and distribution networks. However, with inflation significantly lower, future industry growth should depend more on volumes, product innovation and market penetration than on price increases. Premiumisation remains an opportunity, but affordability, convenient pack sizes and broad distribution will be equally important in reaching mass market consumers.

Future industry growth will depend more on volumes and market penetration than price increases...

Regional expansion also remains attractive. Kasapreko states that about 20% of its products are exported within the subregion, although non-tariff barriers continue to constrain trade across ECOWAS markets. Overall, the outlook favours scaled and diversified producers with strong distribution, cost control and foreign exchange management.

Industry Risks

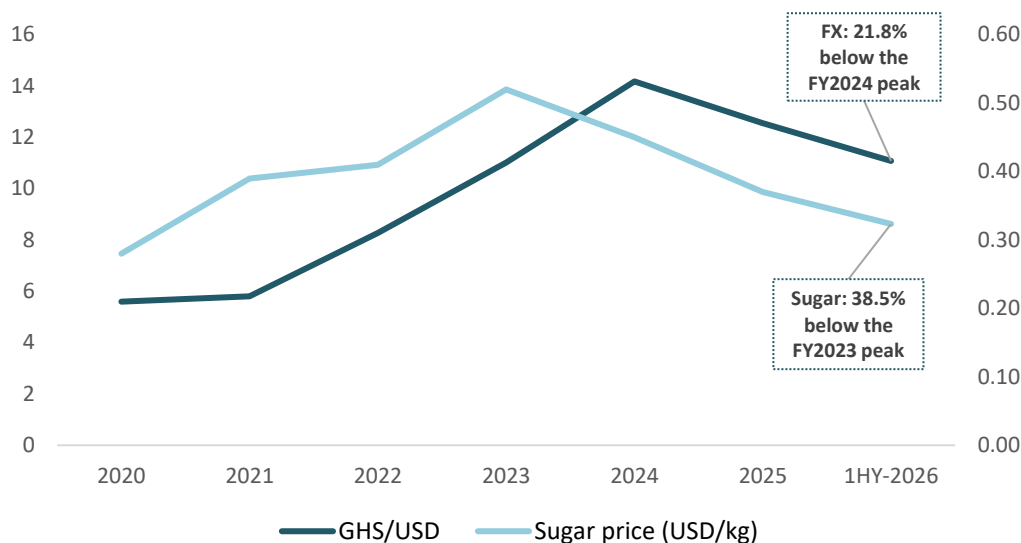
The main sector risk is the inability to pass input cost increases to consumers without weakening demand. Producers rely on imported sugar, barley, PET resin and packaging materials, creating exposure to exchange rates, global commodity prices and freight costs. Although Figure 6 shows that the average GHS/USD rate and world sugar prices eased from recent peaks through 1HY-2026, the cedi weakened for two consecutive weeks in the second half of Aug-2026. The GHS/USD rate increased from 10.95 on 14-Aug-2026 to 11.25 on 28-Aug-2026 as demand exceeded the FX supplied through the Bank of Ghana's auctions. While this did not reverse the broader improvement, it shows that imported input cost relief remains vulnerable to renewed FX demand.

Tax and regulatory uncertainty also remain material. Excise duties apply across several alcoholic and non-alcoholic categories, while the Excise Act, 2026 has altered incentives across the industry. Beer manufacturers have warned that changes to the local raw materials structure could weaken domestic production incentives. Food safety, product standards, environmental permits, plastics regulation and excise stamp compliance also raise operating costs and increase the consequences of non-compliance.

Competition and consumer trade down create further pressure. Castel-owned Guinness Ghana, the Coca-Cola system and fast-growing local producers such as Twellium compete through brands, pricing, innovation and distribution. Sachet water is a particularly important substitute for branded bottled water, having served as the main drinking water source for 70.7% of households in Greater Accra in 2021. Low priced traditional alcoholic drinks and changing attitudes towards alcohol and sugar add further substitution risk. For Kasapreko, the planned expansion in water and carbonated soft drinks increases the importance of affordable pack sizes, strong distribution and tight cost control.

Affordable pack sizes, distribution and cost control are critical as competition intensifies...

Figure 6: FX and world sugar prices have eased from recent peaks, moderating input-cost pressures



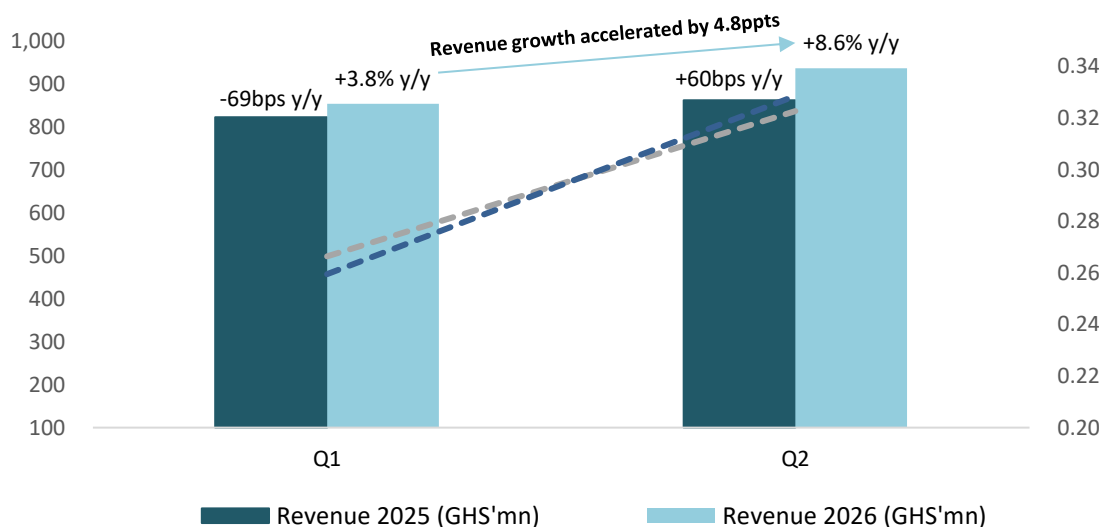
Source: Bank of Ghana, World Bank Commodity Price Data, Laurus Africa Securities

Lower FX and sugar costs provide margin relief, but renewed cedi weakness remains a key risk...

Analysis of Latest Financial Results (1HY-2026)

Revenue growth accelerated in Q2-2026: Kasapreko's revenue increased by 6.2% y/y to GHS1.79bn in 1HY-2026. Momentum strengthened during the period, with Q2-2026 revenue rising by 8.6% y/y to GHS935.6mn, compared with 3.8% growth in Q1-2026. Cost of sales increased by 6.2% y/y to GHS1.26bn, broadly in line with revenue growth, while gross profit rose by 6.4% y/y to GHS528.8mn. Gross margin was largely unchanged, increasing by 4bps y/y to 29.6% from 29.5%. Q2-2026 gross margin expanded by 60bps y/y to 32.9% from 32.3%, offsetting the 69bps contraction recorded in Q1-2026. This suggests that direct cost absorption improved during the second quarter following the pressure experienced in Q1-2026.

Figure 7: Q2-2026 revenue acceleration was accompanied by a 60bps gross margin recovery

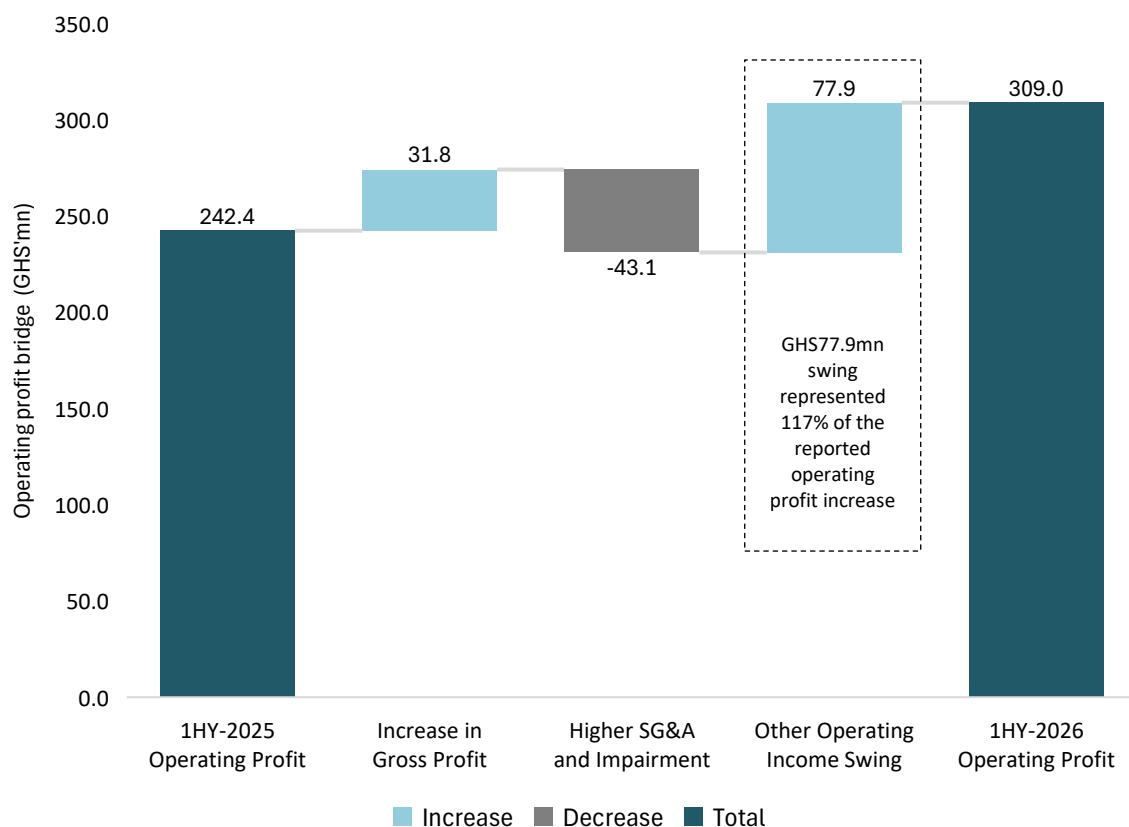


Source: Kasapreko PLC, Laurus Africa Securities

Q2 revenue accelerated as gross margin recovered, pointing to better direct cost absorption...

Other operating income drove reported operating profit growth: Operating profit increased by 27.4% y/y to GHS309.0mn, lifting the operating margin to 17.3% from 14.4%. However, SG&A expenses rose by 20.2% y/y, well ahead of revenue growth, and increased the expense ratio to 14.3% from 12.6%. Other operating income swung from an expense of GHS35.4mn to income of GHS42.5mn. This GHS77.9mn swing exceeded the GHS66.5mn increase in operating profit. Excluding this line, the adjusted operating profit declined by 4.1% y/y to GHS266.5mn, while the margin contracted to 14.9% from 16.5%.

Figure 8: Other operating income more than accounted for 1HY-2026 operating profit growth



Other operating income drove reported profit growth, while adjusted operating profit declined by 4.1%...

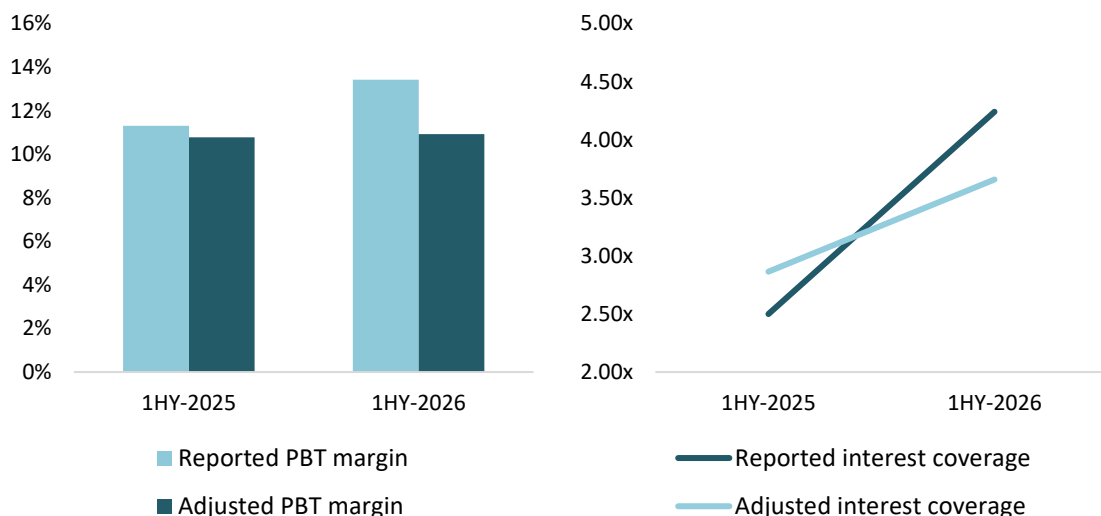
Lower finance costs, rather than stronger core margins, drove the improvement in earnings conversion...

Source: Kasapreko PLC, Laurus Africa Securities

Lower finance costs improved interest coverage, while underlying pre-tax margins remained stable:

Finance costs declined by 24.9% to GHS72.8mn, reducing finance-cost intensity to 4.1% of revenue from 5.8%. Reported interest coverage improved to 4.2x from 2.5x. Excluding other operating items, coverage still increased to 3.7x from 2.9x, confirming a genuine reduction in financing pressure. Unrealised exchange gains on foreign loans declined to GHS2.0mn from GHS44.5mn. Despite this headwind, profit before tax increased by 26.0% to GHS240.1mn, while net profit rose by 23.3% to GHS185.8mn. Net margin improved to 10.4% from 9.0%. After excluding other operating items and unrealised exchange gains, adjusted profit before tax increased by 7.7%, with the adjusted margin stable at 10.9% from 10.8%. This indicates that improved earnings conversion was driven mainly by lower financing pressure rather than stronger core operating leverage.

Figure 9: Lower finance costs strengthened interest coverage while adjusted pre-tax margins remained stable

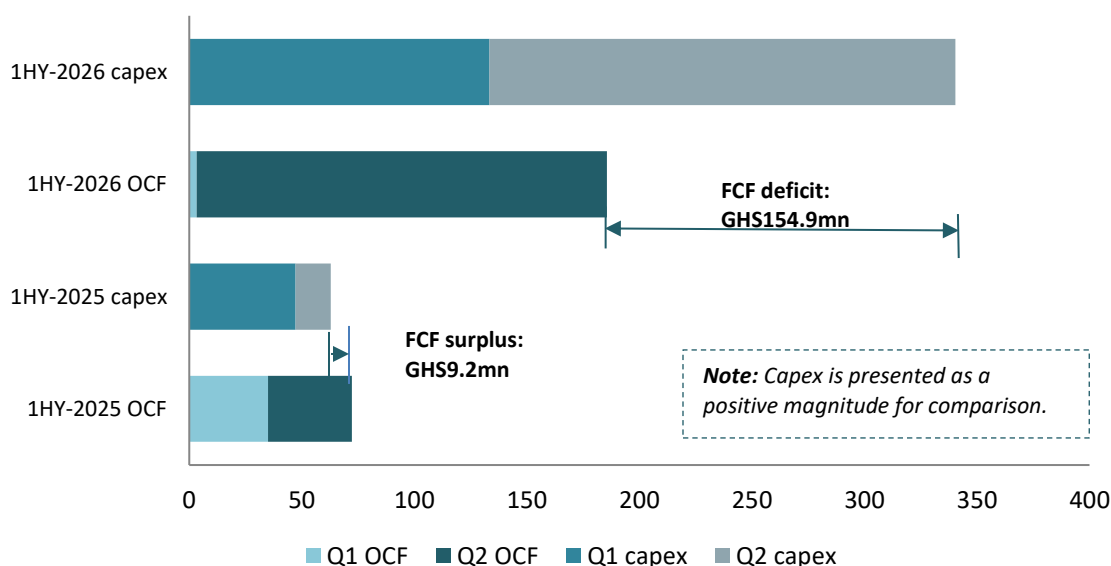


Improved interest coverage reduces financing risk, but underlying pre tax margins remain broadly unchanged...

Source: Kasapreko PLC, Laurus Africa Securities

Cash conversion strengthened, but the improvement was concentrated in Q2-2026: Operating cash flow increased by 157.1% to GHS185.5mn, equivalent to 99.8% of net profit compared with 47.9% in 1HY-2025. Cash generated from operations rose by 68.9% y/y to GHS317.6mn, while interest paid declined by 26.8% to GHS71.0mn. However, implied Q2-2026 operating cash flow was GHS182.3mn, compared with only GHS3.3mn in Q1-2026. The improvement should therefore be monitored for consistency. Capital expenditure increased to GHS340.4mn, equivalent to 19.0% of revenue compared with 3.7% in 1HY-2025. Free cash flow swung to a deficit of GHS154.9mn in 1HY-2026 from a surplus of GHS9.2mn in 1HY-2025. The deficit reflects the current expansion programme, although future returns will depend on timely commissioning and utilisation of the new capacity.

Figure 10: Q2-2026 drove cash generation, but expansion capex exceeded operating cash flow

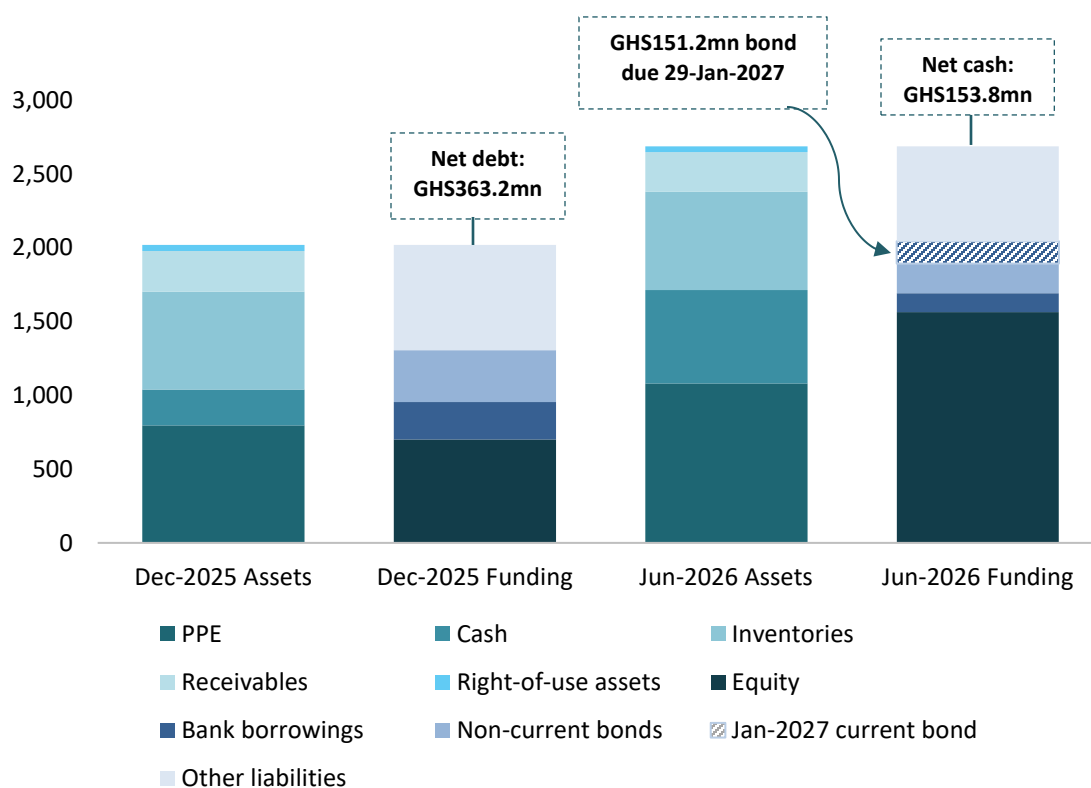


Q2 drove the cash improvement, while expansion spending kept free cash flow negative...

Source: Kasapreko PLC, Laurus Africa Securities

The IPO reset the capital structure, although the Jan-2027 bond maturity remains a watchpoint: Following the receipt of GHS677.7mn in net IPO proceeds, cash increased by 160.8% from Dec-2025 to GHS633.6mn, while expansion spending lifted property, plant and equipment by 35.8% over the same period to GHS1.08bn. Total assets consequently grew by 33.0% to GHS2.69bn, while inventories remained broadly stable and receivables declined by 3.5%, indicating that growth was concentrated in cash and productive capacity rather than working capital. Debt fell by 20.8% to GHS479.9mn, shifting Kasapreko from net debt of GHS363.2mn at Dec-2025 to net cash of GHS153.8mn at Jun-2026. Liquidity also strengthened, with current and quick ratios of 1.90x and 1.09x, while cash covered 77% of current liabilities and 2.7x short-term interest-bearing obligations, including related party balances. However, GHS151.2mn of corporate bonds was classified as current ahead of its 29-Jan-2027 maturity, making execution of the Aug-Dec-2026 sinking-fund plan the key near-term liquidity checkpoint.

Figure 11: IPO expanded cash and capacity while shifting Kasapreko to net cash



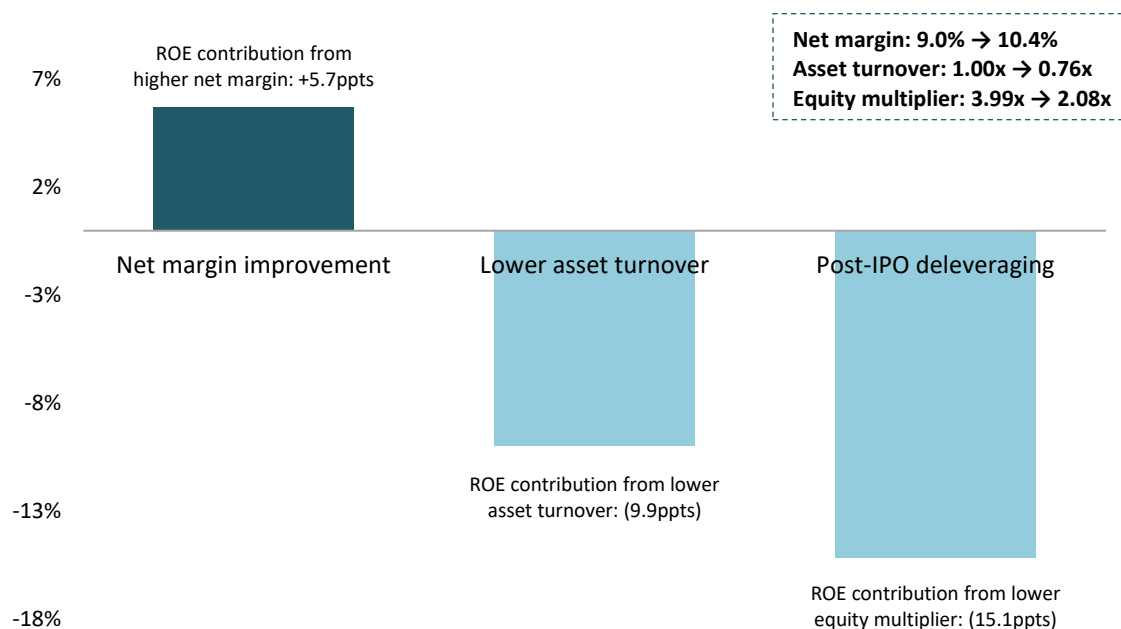
IPO proceeds shifted Kasapreko to net cash, but the Jan-2027 bond remains the key near-term liquidity test...

Source: Kasapreko PLC, Laurus Africa Securities

The enlarged capital base has initially diluted return ratios: Based on simple average balances, Return on Assets (ROA) and Return on Equity (ROE) declined to 7.9% and 16.4% in 1HY-2026 from 9.0% and 35.8% a year earlier, despite net margin improving to 10.4% from 9.0%. The margin improvement contributed an estimated 5.7ppts to ROE, but this was outweighed by weaker asset turnover and a lower equity multiplier following the IPO, which reduced ROE by 9.9ppts and 15.1ppts, respectively. The post-IPO test is whether stronger revenue growth and capacity utilisation can improve asset efficiency and returns.

Post-IPO returns now depend on converting the enlarged asset base into stronger revenue and capacity utilisation...

Figure 12: Lower asset efficiency and post-IPO deleveraging diluted ROE despite margin gains



Higher margins were insufficient to offset weaker asset efficiency and lower financial leverage...

Source: Kasapreko PLC, Laurus Africa Securities

Kasapreko's Performance Outlook and Key Operating Leverage

Capacity expansion should support stronger volume-led growth. The Adeiso project is expected to lift water capacity from 96,000 bottles per hour to 177,000 in 2026 and 258,000 in 2027, while carbonated soft-drink capacity should reach 192,000 bottles per hour by end-2026. This removes a key production constraint, although the earnings benefit will depend on timely commissioning, distribution and utilisation. Consequently, 2027 should provide the clearer test of the expansion's commercial returns.

Product mix offers margin upside, but cost absorption remains critical. The expansion is concentrated in non-alcoholic categories, which generated a 4.3ppt higher gross margin than alcoholic beverages in FY2025. However, 1HY-2026's flat gross margin and above-revenue growth in operating expenses show that additional capacity will not automatically translate into stronger profitability. Meaningful operating leverage requires volumes and revenue to grow faster than production overheads, distribution costs and depreciation.

Earnings conversion should improve before free cash flow fully recovers. Lower financing costs should continue supporting net earnings, although this benefit will become less incremental after the post-IPO balance-sheet reset. Free cash flow may remain constrained as the new facility becomes operational and production gradually increases. The strongest evidence of successful execution will therefore be simultaneous improvement in core operating margins, asset turnover and operating cash flow, rather than reported profit supported by non-recurring income.

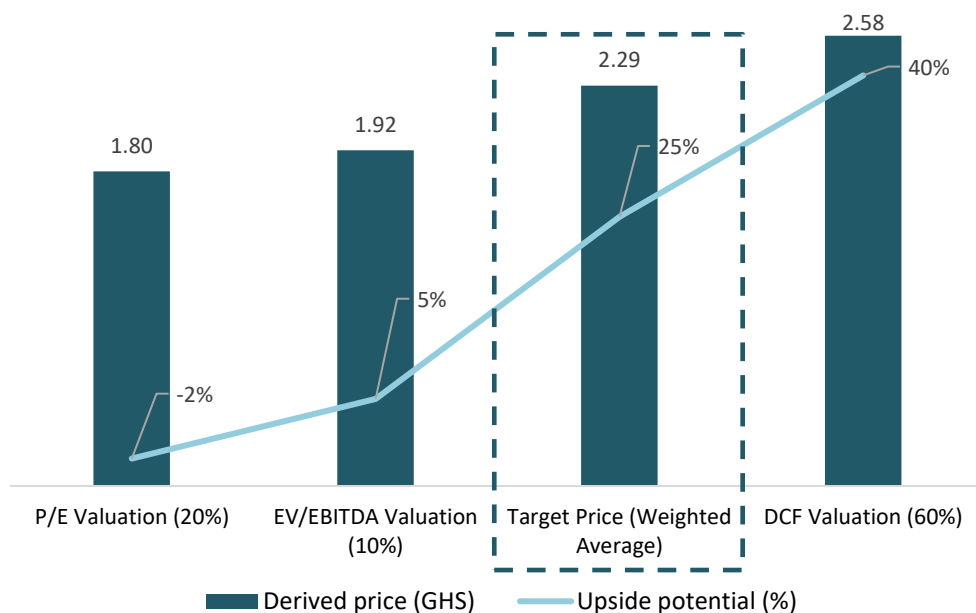
Margins, asset turnover and operating cash flow must improve together to ensure successful execution of the Adeiso project...

Our Valuation & Fair Value Analysis

Our target price of GHS2.29 per share for KASA is derived from a blended valuation approach, combining intrinsic and relative valuation methodologies to capture the company's growth prospects, cash-generative capacity and market positioning. We apply a 60:40 weighting to DCF and peer-based valuation, respectively. The DCF valuation is based on the average implied value from Free Cash Flow to the Firm (FCFF) and Free Cash Flow to Equity (FCFE), providing a balanced assessment of KASA's underlying cash flows and capital structure.

We assume a WACC of c.16.8%, cost of equity of c.18.3% and terminal growth rate of c.11.5%, reflecting KASA's growth outlook, supported by resilient consumer demand, market presence and improving operating efficiency. For the relative valuation, we benchmark KASA against seven listed peers across Ghana, Kenya, Zimbabwe, Nigeria and Morocco, applying forward P/E and EV/EBITDA multiples to our estimates. The blended valuation yields a target price of GHS2.29 per share, representing 25% upside from the current market price of GHS1.84. **Accordingly, we assign a BUY recommendation to KASA.**

Figure 13: KASA's fair value on strong company fundamentals



DCF captures KASA's growth potential, while peer multiples balance the valuation against market benchmarks...

Source: Laurus Africa Securities

Risks to Valuation and Recommendation

- Adeiso execution and utilisation risk:** Our valuation assumes the new water and carbonated soft drink lines are commissioned on schedule and achieve strong utilisation. Delays, cost overruns or weak distribution would reduce the returns on the GHS672.5mn allocated to the project.
- Core earnings and margin risk:** The GHS77.9mn improvement in other operating income exceeded the increase in reported operating profit in 1HY-2026, while selling, general and administrative expenses grew faster than revenue. Earnings could fall below our forecasts if core operating leverage does not improve.
- Input cost and currency risk:** Kasapreko relies on imported sugar, barley, PET resin and packaging materials. Cedi depreciation or higher commodity and freight costs that cannot be passed through to consumers would compress margins and cash flow.

- **Cash flow and refinancing risk:** Expansion spending produced a free cash flow deficit of GHS154.9mn in 1HY-2026, while GHS151.2mn of corporate bonds mature on 29 January 2027. Capital overruns or delays in executing the sinking fund plan would weaken liquidity and earnings conversion.
- **Competition and regulatory risk:** Strong competition across spirits, water, energy drinks and carbonated soft drinks could limit pricing power and leave new capacity underutilised. Changes in excise duties, food safety requirements or plastics regulation could also increase costs or weaken demand.
- **Limited valuation cushion:** At GHS1.87, the GHS2.29 target provides 22.5% upside, only 2.5 percentage points above Laurus Africa's BUY threshold. A modest earnings downgrade, higher discount rate or increase in the share price would move the recommendation into HOLD territory.
- **Limited free float and trading liquidity risk:** The IPO placed 583.3mn shares with public investors, representing about 14.1% of KASA's 4.13bn post IPO shares. This concentrated ownership structure could limit market liquidity and amplify price movements, making entry and exit more difficult and allowing the share price to diverge from fair value.

Limited free float could constrain trading liquidity and amplify share price movements...

Company Profile

Kasapreko operates a multi category beverage manufacturing platform supported by high-speed production lines for spirits, beer, water and carbonated soft drinks. Its Accra and Kumasi facilities can package more than 150,000 bottles per hour across glass and PET formats. The Company also operates three food grade carbon dioxide plants with capacity of about 25 tonnes per day and produces ethanol, PET preforms and bottle caps. It provides toll packing services to other beverage manufacturers. Kasapreko has no subsidiaries, while Pinnacle Holding Company remains its controlling shareholder following the IPO. We view these manufacturing capabilities as supporting asset utilisation and diversifying revenue beyond branded beverages.

Integrated production and toll packing broaden revenue beyond branded beverages...

Key Management Team

Kasapreko's management team combines long company tenure with regional beverage, finance and technical experience.

- **Richard Adjei, Managing Director:** Richard has served as Managing Director since 2015 and leads the Company's people, culture and strategy. He previously managed operations and plant activities at Kasapreko and worked at KPMG Ghana and Converse Inc.
- **Greg Pitt, Deputy Managing Director:** Greg has served in this role since April 2022 and oversees daily operations and coordination across the Company's functions. His previous experience includes leadership and commercial roles at KWAL and Distell across several African markets.
- **Humphrey Hessel Appiah, Finance Director:** Humphrey has served as Finance Director since May 2019 and has about 25 years of experience across FMCG, energy, aviation and media. His previous employers include Unilever Ghana, Nestlé West Africa, Sahara Oil and Ernst & Young Ghana.
- **Sylvester Otiende Ogesi, Technical Director:** Sylvester has served as Technical Director since January 2023 and oversees production, quality assurance, safety and research and development. He has more than 14 years of technical operations experience, including roles at Distell, Diageo and SABMiller.
- **Gerald Bonsu, Commercial Director:** Gerald has served as Commercial Director since August 2014 and leads sales and marketing. He previously served as Kasapreko's Assistant Commercial Director and Marketing Manager.

Management's blend of company tenure and regional operating expertise supports execution of the growth strategy...

Appendix

Income Statement

Amounts are in GHS'000	2023A	2024A	2025A	2026E	2027E	2028E
Revenue	1,875,037	2,721,157	3,500,890	4,468,804	5,813,969	6,831,292
Cost of sales	1,372,446	1,983,746	2,381,656	3,155,634	4,153,212	4,860,409
Gross profit	502,592	737,411	1,119,234	1,313,170	1,660,758	1,970,884
General, selling & admin expenses	303,441	381,342	526,128	611,077	686,379	771,759
Net impairment losses on financial assets	2,953	13,634	15,244	17,875	19,870	15,028
Other operating income	21,577	49,669	10,369	10,592	11,122	11,678
Operating profit	217,774	392,104	588,231	694,810	965,630	1,195,775
Finance income	491	1,186	1,583	1,590	1,596	1,603
Finance costs	185,835	220,690	137,588	154,121	117,598	60,695
Profit before income tax	32,431	172,600	452,226	542,278	849,629	1,136,683
Income tax expense	12,000	34,897	110,445	103,741	155,470	205,578
Profit for the year	20,432	137,704	341,781	438,537	694,159	931,105

Statement of Financial Position

Amounts are in GHS'000	2023A	2024A	2025A	2026E	2027E	2028E
Assets						
Non-current assets						
Property, plant & equipment	723,279	697,953	795,401	1,233,823	1,059,421	915,893
Right of use & others	52,133	42,502	40,467	38,431	36,396	34,360
Total non-current assets	775,412	740,455	835,868	1,272,254	1,095,817	950,253
Current assets						
Inventories	312,539	569,123	663,962	1,014,581	1,348,461	1,580,355
Trade and other receivables	218,349	164,954	219,982	271,383	353,073	414,853
Other assets	826,972	743,659	835,868	1,274,956	1,107,848	950,253
Cash and bank balances	79,666	162,944	244,878	633,536	1,030,812	1,366,923
Total current assets	1,437,526	1,640,680	1,964,690	3,194,456	3,840,194	4,312,384
Total Assets	2,212,938	2,381,135	2,800,558	4,466,710	4,936,011	5,262,637
Liabilities and Equity						
Current liabilities						
Trade and other payables	350,107	481,435	575,154	842,554	1,108,908	1,200,521
Borrowings	467,691	224,565	299,873	100,000	100,000	-
Loans due to related parties	103,534	40,696	33,230	33,230	33,230	33,230
Current tax liability & others	-	-	25,817	-	-	2,443
Total current liabilities	921,332	746,696	934,074	975,784	1,242,138	1,236,194
Non-current Liabilities						
Borrowings	292,415	523,828	301,301	462,381	284,727	53,333
Deferred tax liabilities	15,250	23,924	41,302	51,876	46,315	32,987
Total non-current liabilities	307,665	547,752	342,603	514,257	331,042	86,320
Equity						
Stated capital	50,000	50,000	50,000	730,400	730,400	730,400
Retained earnings	158,528	296,232	638,013	974,016	1,536,613	2,259,470
Total Equity	208,528	346,232	688,013	1,704,416	2,267,013	2,989,870
Total liabilities and equity	1,437,526	1,640,680	1,964,690	3,194,457	3,840,193	4,312,384

Cash Flow Statement

Amounts are in GHS'000	2023A	2024A	2025A	2026E	2027E	2028E
Cash flow from operating activities						
Cash flow before working capital changes	280,187	503,352	600,486	756,587	1,063,736	1,358,303
Working Capital adjustments	-	-	-	-	-	-
(Increase)/decrease in receivables	(137,242)	39,762	(70,263)	(73,616)	(101,560)	(76,808)
(Increase) in inventories	51,671	(256,584)	(94,840)	(350,619)	(333,879)	(231,894)
Increase/(decrease) in payables	89,623	131,328	93,719	267,400	266,353	91,613
Other adjustments	6,606	31,641	(7,466)	-	-	-
	290,845	449,499	521,636	599,752	894,650	1,141,214
Interest paid	(190,157)	(203,138)	-	-	-	-
Income taxes paid	(4,852)	(22,128)	(64,045)	(121,686)	(170,361)	(204,433)
Net cash generated from operations	95,836	224,233	457,591	478,066	724,289	936,781
Cash flow from investing activities						
Purchases of property, plant and equipment	(145,962)	(85,158)	(212,900)	(617,500)	(5,500)	(47,500)
Amounts due from related parties	-	-	-	-	-	-
Net cash generated from investing activities	(145,962)	(85,158)	(212,900)	(617,500)	(5,500)	(47,500)
Cash flow from financing activities						
Expenditure incurred on the issue of equity	-	-	-	-	-	-
Proceeds from share issue	-	-	-	680,400	-	-
Principal lease payment	-	(71)	-	-	-	-
Net movement in borrowings/liabilities	97,930	(45,540)	(147,219)	(38,793)	(177,654)	(331,394)
Dividend paid	-	-	-	(102,534)	(131,561)	(208,248)
Net cash flow from financing activities	97,930	(45,611)	(147,219)	539,073	(309,215)	(539,642)
Net increase/(decrease) in cash	47,804	93,464	97,472	399,639	409,574	349,639
Balance at 1 January	-	-	162,944	244,879	633,537	1,030,813
	53,637	5,833				
Net FX movement	-	(3,611)	(15,537)	(10,981)	(12,298)	(13,528)
Balance at 31 December	(5,833)	84,020	244,879	633,537	1,030,813	1,366,924

Key Financial Metrics

Amounts are in GHS'000	2023A	2024A	2025A	2026E	2027E	2028E
Relevant Growth Trend						
Revenue growth (%)	46%	45%	29%	28%	30%	17%
EBITDA growth (%)	119%	72%	44%	24%	31%	21%
Operating profit growth (%)	173%	80%	50%	18%	39%	24%
Net profit growth (%)	0%	574%	148%	28%	58%	34%
Asset growth (%)	20%	14%	20%	63%	20%	12%
Equity growth (%)	11%	66%	99%	148%	33%	32%
Liability growth (%)	22%	5%	-1%	17%	6%	-16%
Return, Profitability & Expense Ratios						
ROA	2%	9%	19%	17%	20%	23%
ROE	10%	50%	66%	37%	35%	35%
ROCE	42%	56%	61%	43%	40%	42%
Gross profit margin	27%	27%	32%	29%	29%	29%
Operating profit margin	12%	14%	17%	16%	17%	18%
Net profit margin	1%	5%	10%	10%	12%	14%
SG&A margin	16%	14%	15%	14%	12%	11%
Depreciation & Amortization margin	3%	4%	3%	4%	3%	3%
Liquidity Ratios						
Current ratio (x)	0.72	1.21	1.21	1.97	2.21	2.72
Quick ratio (x)	0.37	0.44	0.50	0.93	1.11	1.44
Cash ratio (x)	0.09	0.22	0.26	0.65	0.83	1.11
Asset Utilization & Operating Efficiency						
Total asset turnover ratio (x)	1.30	1.66	1.78	1.40	1.51	1.58
Core fixed asset turnover ratio (x)	2.52	3.67	4.19	3.51	5.31	7.19
Account Receivable turnover (x)	8.59	16.50	15.91	16.47	16.47	16.47
Inventory turnover (x)	4.39	3.49	3.59	3.11	3.08	3.08
Accounts Payable turnover (x)	3.92	4.12	4.14	3.75	3.75	4.05
Accounts Receivable (Days)	42.50	22.13	22.94	22.17	22.17	22.17
Inventory turnover in days (Days)	83.12	104.72	101.76	117.35	118.51	118.68
Accounts Payable in days (Days)	93.11	88.58	88.15	97.45	97.46	90.15
Cash Conversion Cycle (Days)	32.51	38.26	36.55	42.06	43.22	50.69
Solvency & Leverage Ratios						
Total asset/Equity	6.89	4.74	2.86	1.87	1.69	1.44
Debt (Est. Interest bearing)/Equity	3.65	2.16	0.87	0.33	0.17	0.02
Interest coverage	1.17	1.78	4.28	4.51	8.21	19.70
Operating leverage	3.77	1.77	1.75	0.66	1.29	1.36
Valuation & Investment Ratios						
Share price (GHS)	N/A	N/A	N/A	N/A	N/A	N/A
EPS (GHS)	0.01	0.04	0.10	0.11	0.17	0.23
DPS (GHS)	N/A	N/A	N/A	N/A	N/A	N/A
BVPS	0.06	0.10	0.19	0.41	0.55	0.72
P/E (x)	N/A	N/A	N/A	17.34	10.96	8.17
P/BV(x)	N/A	N/A	N/A	4.46	3.35	2.54
EV/EBITDA (X)	N/A	N/A	N/A	8.60	6.06	4.53

Important Disclosures and Disclaimer:

Author: Mac-Jordan Sika Narteh

Email: mac-jordan.narteh@laurusafrica.com

Contact: +233 (0) 240977335

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Key Contacts

Markets

Benjamin Wilson – Securities Trading
ben.wilson@laurusafrica.com
+233 (0) 54 146 1899

Richard Henry Brew – FX Trading
richard.brew@laurusafrica.com
+233 (0) 55 527 1192

Research

Mac-Jordan Sika Narteh
mac-jordan.narteh@laurusafrica.com
+233 (0) 24 097 7335