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PROOF BEFORE THE BELL: DANGOTE PROVES PROFITABILITY AS CAIRNS MATURES AND READIES ITS IPO

Two IPOs, One Continent, One Question



Every IPO asks the same question. Will this company be worth more tomorrow than the price we are asked to pay today?

This week, two very different companies answer it in two very different voices. In Lagos, the Dangote Petroleum Refinery has just published nine-month numbers that read like a plot twist.



In Harare, Amalgamated Brands, the group behind Cairns, opens a US\$20 million IPO on the Victoria Falls Stock Exchange at 35 US cents a share, and briefs investors at The Venue in Avondale today, Wednesday 14 October.

One story is loud. It has a 700,000-barrel-per-day refinery, Africa's richest man and an offer that pushed Nigerian investment apps to their limits on day one. The other is quiet. It has crisps, jam, baked beans and a great many kitchen cupboards.

Why put them in one article? Because both are doing the hard thing that capital markets reward most: showing the work before asking for the money.

Hayek called competition a discovery procedure. An IPO is that discovery, held in public, with real money on the table. So let us watch both discoveries unfold.

STORY ONE: DANGOTE PROVES THE PROFIT BEFORE THE BELL

Start with the hype, because it was earned. Aliko Dangote built a roughly \$20 billion refinery on the outskirts of Lagos, with capacity of 700,000 barrels a day. It now supplies most of Nigeria's petrol and diesel and all of its jet fuel.

Then came the offer. Africa's biggest-ever share sale puts 4.1 billion shares on the table at ₦525 each. That is about ₦2.15 trillion, or \$1.63 billion, at an implied valuation near \$47 billion. The pitch is an "IPO for the people": a minimum of ten shares, about ₦5,250, and a target of ten million retail investors. Within minutes of launch, Nigerian investment apps were overwhelmed by traffic.

The glimmer came earlier. July's private placement, led by the Africa Finance Corporation, was 3.7 times subscribed. Institutions had already voted with their cheques.

Then, on Tuesday 13 October, the refinery published its nine-month numbers. They are unaudited, but they are loud.



Metric (9 months to 30 Sept)	2026	2025	Change
Revenue	\$22.48bn	\$9.19bn	Up about 145%
EBITDA	\$5.52bn	\$627.6m	Up about 780%
Net profit / (loss)	\$4.73bn	(\$117.2m)	Swing to profit
Operating cash flow	\$3.68bn	\$364.7m	Up about 909%
Net cash / (net debt)	\$650.8m	(\$1.73bn)	About \$2.4bn swing

Read the table as four sentences. Sales more than doubled. Profit arrived: about 21 cents of net profit on every dollar of revenue. Cash followed, with operating cash flow at roughly two-thirds of EBITDA. And the balance sheet flipped from net debt to net cash, with \$6.69 billion in cash at the end of September.

Notice the comparison period too. Nine months of 2025 were the commissioning and ramp-up phase. This year, the refinery is a business that runs. Source: [African Economy Inc.](#)

WHAT THE NUMBERS MEAN FOR THE DANGOTE IPO

Initial Public Offering

An IPO is a promise about the future, priced with evidence from the past. Tuesday's numbers move the evidence a long way.

Start with the valuation arithmetic. The July placement valued the refinery at about \$40 billion. The IPO implies roughly \$47 billion. That step-up needs earnings behind it, and nine-month profit of \$4.73 billion, annualised to about \$6.3 billion, puts the implied multiple near seven to eight times earnings. This is crude arithmetic and it assumes margins hold. But a price backed by cash is easier to defend than a price backed by a slogan.

Now look forward. Annualised EBITDA runs near \$7.4 billion, and Aliko Dangote has said he wants EBITDA above \$12 billion. The road there is the plan to double capacity to 1.4 million barrels a day by 2029, a \$14 billion programme the IPO proceeds help fund. The nine-month figures show the first refinery earning the right to ask for funding for the second.

Then there is the extension. On the day the results landed, the offer was extended by two weeks, moving the close from 13 to 27 October, with strong demand given as the reason. Sceptics will read an extension as a book that needs help. Optimists will read it as arithmetic: ten million first-time retail investors cannot be onboarded on one deadline, and fresh profit numbers deserve time to be read. Both readings are fair. The next two weeks will say which is right.



Whatever the final subscription figure, the design deserves study. Think of it in layers. Institutions from Africa and abroad came in early through the placement. A \$400 million underwriting commitment gave the offer a backstop. Retail investors were handed a door as small as ten shares. An upsizing option waits in case demand outruns supply. CEO David Bird calls it the people's IPO, and with a foreign listing at least three years away, the home market carries the weight. Dangote himself told a business meeting in Botswana that he wants investors from across the continent on the register.

That is participation as engineering. Nairobi showed the same instinct in March, when the Kenya Pipeline IPO reached 105.7% subscription ahead of its listing. Lagos is doing it at far larger scale. Harare takes its turn today, with an offer of its own. Different countries, different currencies, one lesson: participation is designed, not hoped for. Anchor the institutions, open the door wide for retail, and publish the numbers while the book is still open.

For optimists, the direction of travel is the point. Demand came first, disclosure came second, and profit now stands behind both. Momentum is a real asset in a share sale, and right now it is building.

STORY TWO: CAIRNS HAS MATURED, AND AMALGAMATED BRANDS IS READY FOR ITS OWN IPO

Now come home. The hype here is not a refinery. It is a breakfast table.



Say "Cairns" to a Zimbabwean and watch the face change. Spuds crisps in a school bag. Sun Jam on bread. Cashel Valley baked beans on a Sunday. Willards in the cupboard, with Chompkins, Tip Top and Mukuyu wines not far behind. Nostalgia is not a line item, but it is a moat.



Behind those names sits Amalgamated Brands. Cairns Holdings makes the products. Cailogistics moves them, with more than 300 owned and hired vehicles. Cailo Marketing Services, established in 2016, puts them in front of shoppers. The roots run back to 1947, when Willard Foods was incorporated, and today the group employs more than 2,100 people across plants in Harare, Mutare and Marondera.

This is a company that has been tested. In one hyperinflation-era year, Cairns reported local-currency sales jumping more than fivefold, yet demand slowed, because inflation was running at 427%. Sales grew on paper while the real business was under pressure. Later came judicial management, with the Reserve Bank of Zimbabwe holding a 67% stake and bidders circling. In 2015, Takura Capital announced a US\$33 million investment to take control and clear debt. Today Takura's funds, backed by British International Investment, FMO, DEG and Old Mutual Life Assurance Zimbabwe, hold 98.23% of Amalgamated Brands before the offer.

Through all of it, the brands stayed on the shelf. Imports pushed hard. New local competitors arrived. Cairns stayed the course, and in June it repackaged Spuds with a colour for each flavour. That is what a confident brand does: it keeps investing in the shelf.

So what does maturity look like? A supply chain controlled from factory to shopper. A shareholder base that has seen both the bad cycle and the recapitalisation. And a corporate name that has finally caught up with its brands. The group itself acknowledges that consumers know the products better than the company behind them. An IPO is a good way to fix that.

The hype is smaller, of course. Nobody will crash an app to buy exposure to baked beans. That may be the point. Staples rarely trend. They compound, when the business behind them is run well.

That is the story. Now for the paperwork. Yesterday, Wednesday 14 October, the offer opens and the abridged prospectus lands, with the IPO market briefing running from 09:00 to 11:30 at The Venue in Avondale. Here is what the document says, in plain words.

INSIDE THE PROSPECTUS: HOW THE AMALGAMATED BRANDS IPO LOOKS

Start with the size, because it is honest. Amalgamated Brands is raising US\$20 million, about 1.2% of what Dangote is raising. It is small, and it is built with care.

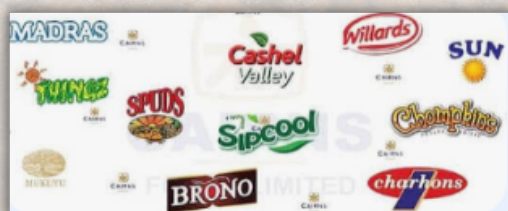
The offer has two halves. US\$5 million is new money for the company, through 14,285,714 new shares. US\$15 million is existing shares sold by Takura, 42,857,143 of them. Together that is 57,142,857 shares at US\$0.35 each.

Term	Detail
Exchange	Victoria Falls Stock Exchange (VFEX), Main Board
Base offer	US\$20.0m: US\$5.0m new shares plus US\$15.0m existing shares
Price	US\$0.35 a share, 57,142,857 shares
Oversubscription	Up to US\$9.8m more (28,000,000 shares) from the sellers, for a maximum of US\$29.8m
Valuation	US\$63.7m before the offer, US\$68.7m after
Minimum application	100 shares (US\$35), paid in US dollars
Offer opens	Wednesday 14 October 2026
Offer closes	12:00, Monday 30 November 2026
Results published	Thursday 3 December 2026
Listing and first trade	Monday 7 December 2026
Underwriting	None; cornerstone and anchor commitments are being secured
Public free float	30.74% after listing, about 45% if fully oversubscribed

The allocation rule is worth knowing. Application money fills the company's US\$5 million first, before a cent goes to the sellers. If the offer raises less than US\$5 million, nothing is allotted and everyone is refunded with interest. Anywhere from US\$5 million to US\$20 million, the company gets its full US\$5 million and the sellers carry the shortfall. Any oversubscription goes to the sellers, never to the company.

The offer is not underwritten. Dangote lined up a US\$400 million underwriting commitment. Amalgamated Brands is securing cornerstone and anchor commitments instead, mainly from domestic pension funds, insurers and development-finance investors. Same instinct, smaller stage: anchor the institutions first, then open the door to everyone else. Here the door is 100 shares, or US\$35.

Now the cap table. Takura's three vehicles hold 98.23% before the offer and 69.26% after the base offer, and at least 55% if demand fills the oversubscription. Takura sells down, but it stays in control. About 300 employees also receive 3,220,384 shares through an exchange that dissolves the Cairns Holdings Workers Trust, held in their own names and free of trust restrictions. Add those to the offer shares and the public free float is 30.74%, just clear of VFEX's 30% minimum.



How to apply is plain. Use the full Application and Offer Agreement in the prospectus (Appendix V, also available at amalgamatedbrands.co.zw and vfex.exchange). Applications are irrevocable, and photocopied or faxed forms are refused. Lodge your signed form, KYC documents and proof of payment with a co-sponsoring broker or Corpserve Registrars by noon on 30 November, and pay only into the IPO account named in the official prospectus. Shares are dematerialised, so you need a VFEX CSD account; a broker or MMC Capital Advisory can help you open one.

The tax terms are specific. Dividend withholding tax is 10% for local investors and a concessionary 5% for non-residents on VFEX-listed shares. Disposals of VFEX-listed securities are exempt from capital gains tax. Settlement is in US dollars, with liberalised repatriation of dividends and sale proceeds for foreign investors, subject to approvals.

MMC Capital Advisory is financial adviser and lead sponsor, with Imara Edwards Securities, Morgan & Co and Old Mutual Securities as co-sponsoring brokers. BDO Zimbabwe is reporting accountant. VFEX has approved the listing, and the Registrar of Companies registered the prospectus on 13 October.

THE STRATEGY BEHIND THE OFFER

Every IPO hides a strategy in its footnotes. This one has four parts.

Match the currency. More than 95% of revenue is earned in US dollars, so the company wants US dollar capital and US dollar settlement, with no currency mismatch on the balance sheet. VFEX also costs less to trade on: about 2.1%, against 4.6% on the ZSE.

Fund the factory floor. Of every US\$100 raised in the base offer, about US\$22 goes into Cairns Foods growth capex, about US\$3 pays the costs of the offer, and US\$75 goes to Takura. The US\$4.48 million for growth buys a new biscuit line at Ardbennie that should more than double capacity, a Tetra Pak plant for Valley Pride baked beans, a soft-snacks line, and new generation capacity and solar aimed at 22% of site energy. It is a top-up, not the whole fuel tank. The wider capital programme of about US\$46.6 million for FY2026 to FY2030 is expected to be funded about 90% from operating cash flow.

Own the route to market. Takura assembled the group to marry manufacturing heritage with its own distribution. Cairns Foods makes the products across five families: chips and snacks, cereals and groceries, beverages, fruit and vegetables, and confectionery. Cailogistics delivers them. CMS merchandises and sells across general, informal, modern and institutional trade. The group says this integration supports availability, pricing and lower delivery costs, and both Cailogistics and CMS also earn third-party revenue.

Step back without leaving. Takura sells about a quarter of its stake and stays in control. The board has seven directors, four of them independent, under Chairman Washington Matsaira. It runs Audit and Risk, Finance and Investment, and Remuneration and Nominations committees, with ZIMCODE as its governance code. Executives get a share appreciation rights scheme: 2% of enlarged capital to start, roughly 3.9 million rights, below VFEX's 5% ceiling.

THE KEY NUMBERS

One trap first. The audited FY2025 accounts show revenue of US\$174.2 million and profit for the year of US\$9.6 million. But they include Lobels, a business that is not part of the listed group. The cleaner picture is the proforma listed perimeter, reported on by BDO Zimbabwe, with US\$78.7 million of revenue.

US\$ million, listed perimeter	FY2024	FY2025	Change
Revenue	59.1	78.7	Up 33.1%
Gross profit	18.4	19.5	Up 5.7%
Gross margin	31.2%	24.8%	Down 6.4 pts
EBITDA	8.8	10.5	Up 18.7%
EBITDA margin	14.9%	13.3%	Down 1.6 pts
Profit after tax	4.6	4.7	Up 3.6%
Operating cash flow	3.5	5.6	Up 62.3%
Net debt at year-end	4.2	1.8	Down 56%

Read the table as four sentences. Sales grew by a third. Profit barely moved, because gross margin slipped from 31.2% to 24.8%. Cash did the opposite: operating cash flow rose 62% and net debt fell to US\$1.8 million, about 0.2 times EBITDA. And everything hangs on one question: does the margin come back?

Dangote keeps about 21 cents of every revenue dollar as net profit. Amalgamated Brands kept about 6 cents in FY2025 and forecasts about 8 cents in FY2026. A refinery in a supply squeeze and a crisp maker are different games. Compare each with its own past, not with each other.

Lobels deserves its own line. Lobels related activity contributed about US\$14.6 million, or 18.5% of FY2025 proforma revenue, and by my reading of the reconciliation about US\$11.9 million of Cailogistics' US\$16.9 million of revenue. It is one year logistics commitment ends in September 2027. The directors' projections assume it is not renewed and do not rely on it continuing. That is conservative planning, and it is also a flag.



Now the forecast, where the thesis lives.

US\$ million	FY25 proforma	FY26F	FY27F	FY28F	FY29F	FY30F
Revenue	78.7	94.4	98.9	102.3	111.8	120.0
Gross profit	19.5	26.4	28.3	29.7	32.5	34.8
EBITDA	10.5	14.1	16.5	18.2	20.8	23.0
EBITDA margin	13.3%	14.9%	16.7%	17.8%	18.6%	19.2%
Profit after tax	4.7	7.9	9.1	9.9	11.4	12.8

The directors project revenue rising from US\$78.7 million to US\$120 million by FY2030, about 8.8% a year. EBITDA more than doubles to US\$23 million, about 17% a year, and profit after tax reaches US\$12.8 million. The engine is margin recovery: gross margin back to about 28% in FY2026, and EBITDA margin climbing from 13.3% to 19.2%. The forecast excludes share-scheme charges and assumes no material adverse macroeconomic, currency or regulatory change. BDO Zimbabwe says nothing came to its attention to suggest the directors' best-estimate assumptions lack a reasonable basis. That is comfort, not a guarantee, and the prospectus says so.

Then the price. At US\$0.35, the equity is valued at US\$68.7 million after the offer and the enterprise at about US\$66 million, which is 6.3 times FY2025 proforma EBITDA. On forecast FY2026 profit of US\$7.9 million, earnings per share are 4.03 US cents and the P/E is 8.7 times (7.6 times on FY2027). By my own arithmetic, on actual FY2025 proforma profit the P/E is about 14.6 times. That gap, from 14.6 to 8.7, is the margin-recovery bet, priced in plain sight.

And the dividend. The directors intend a building US dollar dividend policy of about 30% to 40% of profit after tax. That points to an indicative FY2026 gross yield of 3.4% to 4.6%, or 4.0% at a 35% payout. But roughly 90% of the capital programme comes from cash flow, so any FY2026 dividend is expected near the lower end, with the full policy from FY2027. New investors share only in the post-listing part of FY2026. No dividend is guaranteed.

What do the numbers mean for the IPO? A modest profit today, a lighter balance sheet, and an offer that asks you to pay for recovery before it arrives. That is the shape of most growth stories. If the margin returns, the forecast looks reasonable. If it does not, it will not. The prospectus lets you see the bet clearly, which is the whole point of a prospectus.

HOPE, HONEST RISKS AND YOUR OWN HOMEWORK

Here is the assurance. Both stories share one honest feature: evidence is arriving before the money is due. Dangote published nine months of profit and cash while its book was still open. Amalgamated Brands has put a prospectus on the table, with audited accounts, a five-year forecast and a risk section that names its own weak spots, while its book is still open. That is how healthy capital markets are supposed to work.

If you are an optimist with your fingers crossed, you are allowed to be. A refinery that turns a \$117 million loss into a \$4.73 billion profit is not an accident of marketing. A group that has outlived hyperinflation, judicial management and import competition is not a fluke either. And an offer that fills the company's own US\$5 million before the sellers see a cent, at 8.7 times forecast earnings and with a stated dividend policy, is at least worth a serious read. Traction is real, momentum is building, and the good parts matter. Growth stories and survival stories both deserve a seat at the table, and this week the table has room for both.

Now the risks, because every investment has them. Dangote's figures are unaudited. Refining margins have been helped by supply disruption linked to the Iran war, and margins can fade when disruption ends. Crude costs and global fuel prices can swing against any refiner. The IPO price sits above July's placement valuation. Dangote will still hold more than 80% of the shares after the offer, so minority investors are trusting governance as much as growth. And a \$14 billion expansion has to be delivered on time and on budget.

Amalgamated Brands names its own risks, and they deserve a slow read. Margin recovery depends on edible oil, potato, sugar, flour, packaging, fuel and electricity costs that move without asking. Competition is real, with Varun Beverages entering chips and snacks. Lobels, a major Cailogistics customer, has a commitment ending in September 2027. A reversal of ZWG policy, or new conversion, settlement or surrender rules, could touch prices, collections and dividend repatriation.

There is more. Cairns Foods has an open EMA boiler-emissions order, with compliance targeted for the first quarter of 2027. Twelve legal matters, eleven of them labour disputes, carry a net contingent liability of about US\$329,000, roughly 0.4% of revenue. FY2024 figures are restated for three prior-period errors. Takura keeps control, and there is no shareholder lock-up. VFEX is still developing, so liquidity may be thin even though the float meets the minimum. Three quarters of the money raised in the base offer goes to the sellers, not the company. The offer is not underwritten, forecasts may not be achieved, and no dividend is guaranteed.

The good news is that the price is no longer a guess. At US\$0.35, you can finally argue with real numbers.

None of this is a reason to panic. It is a reason to read. Read the full prospectus, not just the abridged one, starting with Section 9 on risks. Read the audited statements, including the FY2024 restatement note in Appendix II. Compare price to earnings, debt to cash, promise to track record. Ask hard questions, then decide for yourself. Do not panic at every point that spells doom, and do not cheer at every headline that spells glory. Risk is the price of admission, not a verdict.

Kierkegaard observed that life is understood backwards but must be lived forwards. Investing is the same. Nobody can read the future from nine months of numbers or a five-year forecast. But the investor who studies the evidence calmly, and walks forward with open eyes, will sleep better than the one who follows the crowd or flees from it. Two IPOs, two markets, one discipline: show the work, do the research, and let the market do the discovering.

SOURCES & REFERENCES:

- Amalgamated Brands Limited, Abridged Prospectus (dated 14 October 2026, registered 13 October 2026; offer terms, shareholding, use of proceeds, proforma financials, projections, dividend policy, taxation, risk factors). The full prospectus is available at amalgamatedbrands.co.zw and vfex.exchange
- [African Economy Inc.: Dangote Refinery Swings to \\$4.73 Billion Profit](#) (13 October 2026; nine-month results, IPO extension to 27 October, Kenya Pipeline IPO headline)
- [BusinessDay / Reuters: Dangote refinery gets Nigeria regulator's nod](#) (offer terms, \$47bn implied valuation, \$400m underwriting)
- [MyJoyOnline / Reuters: Nigeria's SEC approves Dangote refinery IPO](#) (Dangote's \$12bn EBITDA ambition, Botswana remarks)
- [Arise / Reuters: Dangote refinery rules out foreign listing](#) (July placement 3.7 times subscribed, Iran war tailwind)
- [Daily Maverick / Reuters: Dangote signs IPO documents](#) (offer period, upsizing, 1.4m bpd plan)
- [OilPrice: Dangote targets 10 million investors](#) (retail drive, app outages, 80% retained, \$14bn expansion)
- [allAfrica: Dangote refinery rules out foreign listing](#) (July placement at about \$40bn)
- [263Chat: Inside the Group Behind Zimbabwe's Favourite Foods](#) (12 October 2026; Amalgamated Brands structure, brands, 1947 roots, employees)
- [allAfrica: Cairns rebrands Spuds](#) (June 2026)
- [The Insider: Hardships slow down demand for Cairns foods](#) (hyperinflation-era sales and demand)
- [The Herald: Cairns deal almost done](#) (judicial management, RBZ 67% stake)
- [Global Private Capital: Takura Capital to invest US\\$33 million in Cairns Holdings](#) (2015)

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