



CAPITAL STRUCTURE AND PROFITABILITY OF SELECTED PALM OIL AGRO-ALLIED FIRMS IN NIGERIA: PRESCO PLC AND OKOMU OIL PLC (2010-2024)

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ABSTRACT

This study compares the profitability and firm-characteristic profiles of Presco Plc and Okomu Oil Plc over 2010–2024 using audited financial statements. Profitability was evaluated with gross profit margin (GPM), operating profit margin (OPM), and return on assets (ROA), and cross-firm differences were tested with independent-samples t-tests. The results showed no statistically significant difference in mean GPM (0.273), OPM (0.164), or ROA (0.254) between the firms at the 5% level, even though Okomu exhibited a higher and steadier average ROA and Presco exhibited greater volatility captured in 2016 (56.837). Sectoral policy shocks (foreign-exchange restrictions, import tariffs, and border closures) shaped margins for both firms and helped to explain the observed swings. For firm characteristics, only board size (1.00598E-05) differed significantly between the companies; No of employees, revenue, and dividend payments did not differ significantly. Economically, the firms' profitability profiles were statistically indistinguishable across the sample, whereas governance structures (as proxied by board size) diverged in a manner consistent with differences in organizational scope and oversight needs. The findings imply that comparative performance narratives in this period rested less on scale or dividend policy and more on asset utilisation, cost discipline, and governance design in a policy-sensitive market. The t-tests detect no significant differences in mean GPM, OPM, or ROA; therefore, it is recommended that management and investors should avoid prescriptive strategy changes premised on presumed cross-firm profitability gaps. Instead, treat both firms' profitability as statistically indistinguishable over the sample horizon, and prioritise internal controls to address documented volatility.

Keywords: *Agro-Allied Companies, Profitability, Firms Capital Structure, Gross Profit Margin (GPM), Operating Profit Margin (OPM), Return on Assets (ROA).*

INTRODUCTION

The agro-allied industry is a part of agriculture that links farm production with processing, storage, packaging, transport, marketing, and distribution. It is important because it adds value to raw agricultural products, creates jobs, supports farmers with market access, reduces post-harvest losses, and strengthens food security and industrial growth. The palm oil industry is a strong example of an agro-allied industry because it combines plantation farming with milling, refining, and the sale of finished

products. In Nigeria, this industry is especially important because local demand for palm oil is higher than domestic supply, which makes local producers valuable for reducing imports and supporting the economy. Prominent firms in this space include Presco Plc and The Okomu Oil Palm Company Plc, alongside other players such as PZ Wilmar and Saturn Farms. Presco Plc and The Okomu Oil Palm Company Plc are the best choices for this research because they are the two most prominent publicly listed palm oil producers in Nigeria. Both companies

operate large estates and integrated processing facilities that support the local supply of crude and refined palm products, and their audited annual reports provide rich, comparable data for evaluating performance, capital structure, and risk (Presco Plc, 2025). Presco, incorporated in 1991, runs extensive oil palm plantations alongside milling, refining, and palm kernel crushing operations. Okomu, whose project began in 1976 and later became a public company, is also a major plantation and processing company, with additional operations in rubber. Their size, long history, vertical integration, and strong public disclosure make them suitable case studies for examining performance in Nigeria's agro-allied and palm oil industry. This choice is even more relevant because, since mid-2023, Nigeria has implemented fuel-subsidy removal and exchange-rate unification reforms that have changed firms' cost structures and affected the naira value of revenues, while headline and food inflation rose sharply through 2024. These conditions can make nominal earnings look stronger even when real margins are under pressure, which means simple year-over-year comparisons may be misleading (Dzirutwe & Eboh, 2023). Therefore, understanding how profitability differs between these two firms, and how ownership, integration, scale, and governance shape those outcomes, is useful for investors, policymakers, and researchers interested in import substitution, food security, and agro-industrial productivity in Nigeria (Reuters, 2023).

Izuchukwu (2011) claimed that poor pricing strategies, bad investment decisions, underutilization of capacity, inability to generate sufficient working capital and maintain current assets, and high debt levels are all contributing factors to the underperformance of agro-allied sectors. This results in several enterprises selling their shares to pay their financial obligations or folding, which has serious ramifications for Nigeria's food security. These challenges can significantly impact the profitability of agro-allied companies (Felix,

Joseph & Victor, 2024). As the expansion and development of the agricultural industry depend heavily on the financial success of agro-allied businesses, numerous studies have examined the financial statements of businesses in this sector and other sectors, offering valuable information about their profitability, efficiency, and overall financial health. Okidim et. al. (2023) **employed** a single-stage sampling technique in their analysis of Presco Nigeria's agribusiness financial statements. The study **determined** its sample by **purposively selecting** ten financial statements from the previous ten years. To examine Presco Nigeria Limited's financial condition, the authors **use** liquidity ratios, leverage ratios, a net-worth formula, and profitability ratios. The results **indicated** that Presco **needed** to either expand current assets or reduce current liabilities because its liquidity ratios **fell** below the benchmark range of 1.5–3.0, **making** it difficult for the company to meet short-term obligations. The authors **advised** that the business **recorded** financial data with extreme caution, due to **irregularities observed** in some figures—particularly in 2016. Otekunrin, Nwanji and Obasaju (2018) used information from eighteen agriculture and agro-related companies registered on the Nigerian Stock Exchange in the post-International Financing Reporting Standard-adoption period spanning 2007–2012 to examine the connection between capital structure and profitability. The empirical results, which were based on secondary data from annual reports and an Ordinary Least Squares (OLS) technique, demonstrated that profitability was negatively and significantly correlated with long-term debt but positively and strongly correlated with shareholders' equity. The results corroborated the idea that agro-related businesses and agriculture should give priority to internal funding sources.

The value of the financial information provided by the accounting system is crucial for managing the operations of agro-allied companies because it contains important data regarding the financial state, performance, and

changes in the financial state that aid management in making decisions (Okidim, Obe-Nwaka & Silas, 2023). In order to secure their continuous existence, increase their profitability and draw in new investors, financial managers of agro-allied businesses in Nigeria must thus choose the best financial combination (Bassey, Arene & Akpaeti, 2014). Therefore, it is crucial for investors, managers, and policymakers to evaluate these companies' financial performance. Through financial statement analysis, stakeholders can evaluate the performance of various businesses, pinpoint their strengths and weaknesses, and make well-informed investment choices (Cpatete, 2024). Against this backdrop, this study conducts a comparative financial statement analysis of Presco Plc and Okomu Oil Plc over the reporting period(s) from 2010-2024, following the specific objectives:

- i. determines and compares the profitability of Presco Plc and Okomu Oil Plc.
- ii. compare the firm's characteristics of Presco and Okomu Oil Plc.

2.0 Methodology

The two publicly listed agricultural companies on the Nigerian Stock Exchange were compared based on their profitability from 2010 to 2024. The analysis concentrated on the public financial statements for the years 2010–2024 that were accessible on the website of the Nigerian Stock Exchange Commission. To choose the study's sample size, single-stage sampling was employed. As the sample size for this study covered the number of years the researcher intended to cover, fifteen (15) financial statements report from both companies for fifteen (15) years (from 2010–2024) were chosen through a purposive sampling technique. In order to determine which of the two firms had superior financial stability and health from 2010 to 2024, the researcher analyzed the financial statements by calculating the profitability ratios and comparing the firm's characteristics of the two businesses.

Objective 1 was achieved using Profitability Ratios, and the comparison between the two companies was achieved using independent t-test.

An indicator of a company's performance is its profitability, which is measured by a profitability ratio.

Types of Profitability Ratios: The common profitability ratios that were analysed for this study include: Gross Profit Margin (GPM), Operating Profit Margin (OPM), and Return on Assets (ROA).

Gross Profit Margin: This tells you about the portability of goods and services.

Gross Margin = $\text{Gross Profit} / \text{Net Sales} * 100$

Decision Rule: A good Gross Profit Margin falls between 50-70%.

Operating Margin: This takes into account production costs, such as overhead and administrative expenditures, that are not directly tied to the creation of the goods or services.

Operating Margin = $\text{Operating Profit} / \text{Net Sales} * 100$

Decision Rule: An ideal Operating Margin is 15% and above.

Return on Assets: This measures how effectively the company produces income from its assets. Return on Assets = $\text{Net Income} / \text{Assets} * 100$

Decision Rule: An ideal ROA is 5% and above.

Objective 2: the firms' characteristics of Presco and Okomu Oil Plc were compared using an independent t-Test and the number of employees, the number of board of directors, Revenue and dividends for both companies were used as proxies for firm's characteristics.

3.0 Results and Discussion

The results, conclusions, consequences, and interpretation of the collected data are presented in this part.

3.1 Profitability Ratios of Presco Nigeria Ltd and Okomu Oil Nigeria Plc

The key to understanding this result lies in the two-tailed p-value of 0.273 as shown in Table 3.1. Since this value is greater than the 0.05 threshold, it means that the observed difference between the companies' average Gross Profit Margins is not statistically significant. Even though Presco's average GPM (62%) was higher than Okomu Oil's (56%) as shown in Table 3.1, the statistical test is telling us that this difference could be due to random chance. The data for both companies vary enough that the difference in their means is not reliable. The findings that Okomu Oil has a higher variance are the most likely cause of this result. Variance measures how spread out the data points are. Okomu Oil's GPM has seen a much wider range of values, from a low of 27.3% to a high of 79%. This suggests that Okomu's profitability is volatile, meaning it is highly sensitive to external factors. This volatility could be due to Commodity Price Swings, as both companies operate in the agricultural sector, where prices for crude palm oil can fluctuate wildly. Okomu Oil's revenue might be more exposed to these price swings, causing its GPM to spike during good years and plummet during bad years. Okomu Oil might also face irregular but significant production costs, such as large-scale replanting efforts or asset maintenance that can impact its GPM in specific years. In contrast, Presco's lower variance suggested a more stable and consistent profitability. Its GPM fluctuated less, which indicates more predictable costs and revenues. These findings indicate that Presco is more operationally efficient, keeping costs low while generating revenue. They also indicate that Presco maintains stronger financial health than Okomu Oil, generating sufficient revenue to cover costs and invest in growth. In summary, the statistical insignificance is due to the high volatility in Okomu Oil's profitability. While Presco's average GPM was higher and more stable, the dramatic swings in Okomu Oil's

GPM mean that, from a statistical perspective, the difference between the two companies is not reliable.

Likely causes of Okomu's higher variance are stronger exposure to commodity price cycles and episodic cost spikes (replanting and mill maintenance), which swing gross margin year-to-year. Nigeria-specific policy shocks worsen the swings: in June 2015, the Central Bank of Nigeria (CBN) bars palm oil and related products from accessing official foreign exchange, and the government imposes steep import charges (Central Bank of Nigeria [CBN], 2015). These moves tightened imports and lifted local prices, temporarily supporting margins for local producers like Presco and Okomu. When foreign exchange stabilised in 2017–2018, cheaper imports resurfaced and margins compressed, but the 2019 border closure further reduced refined-oil smuggling and boosted local demand, again supporting margins (Okorie & Enwere, 2020). Both firms enjoyed structurally high gross margins in Nigeria's protected palm-oil market, but Okomu's higher volatility means planning/inventory and cost hedging mattered more for it; Presco's lower variance suggested slightly steadier cost control or a more insulated sales mix. A comparative Nigerian study covering 2011–2016 found Presco's gross margin higher on average and less variable than Okomu's, consistent with this study's findings and reports that the difference in gross margin is not statistically significant (significance level 0.208) (Adade & Ada-Okungbowa, 2019).

The analysis of the Operating Profit Margin (OPM) was insightful and highlights a clear difference in the profitability and operational strategies of Presco and Okomu Oil. OPM is a crucial measure because it shows how much profit a company makes from its core business operations after accounting for costs like production, salaries, and rent. Presco's OPM tells a story of both high potential and significant

risk. The incredible 251.59% OPM in 2016 is a major outlier. This is not a sustainable number and likely points to a massive, one-time event. This could be due to the sale of a major asset (like a piece of land or a subsidiary), a major accounting gain, or a temporary, but massive, spike in commodity prices that was not offset by an equivalent rise in production costs. While it shows the company's ability to generate profit, it also highlights the volatility of its business. The average OPM of 55.73% for Presco is significantly higher than Okomu Oil's (34.92%) as shown in Table 3.1, which suggests that, on average, Presco is more effective at managing its operating costs relative to its revenue compared to Okomu. However, Presco's high variance (3103.436), noted in Table 3.1 indicates that Presco's managerial performance is not always consistent, while Okomu Oil's OPM tells a story of consistency and stability due to its low variance (78.264).

The independent-samples t-test showed there is no statistically significant difference (p-value of 0.164) in mean OPM between the two firms as shown in Table 3.1, and the fact that Presco and Okomu Oil's OPM consistently stayed above the 15% benchmark shows a very well-managed company, but Okomu is not experiencing the extreme highs and lows that Presco is. This implies that Okomu Oil has a more predictable revenue stream and a tighter grip on its operational expenses unlike Presco. Okomu's consistent OPM suggests it is highly effective at managing its day-to-day business. This is likely due to efficient production processes, a well-controlled supply chain, and smart administrative management while Presco is a High-Risk, High-Reward company. It seems more willing to take on projects or face market conditions that lead to wild swings in its profitability. When things go right, they go very right, but they also expose the company to greater risk. However, Okomu Oil is a Low-Risk, stable company. It prioritizes consistent,

predictable profitability, which is a sign of a well-run and financially stable business.

Also, from Table 3.1, Presco Nigeria Limited recorded its lowest return on assets in 2013 (4.09%) and 2015 (4.495%), failing to reach the 5.0% benchmark due to a decline in net income. In 2014 it records 7.21%, indicating the company is sensitive to ROA and reduces liabilities accordingly. In 2016 it posts 56.84% as net income increases; ROA then declines from 12.45% in 2017 to 7.30% in 2018 and 5.41% in 2019, before rising to 22.67% in 2024. The 2016 figure (56.84%) marks the peak, indicating the highest asset efficiency—effective conversion of assets into net income. However, this value indicates an anomaly, as net income for 2016 is recorded as flawed. Presco's ROA varies more than Okomu Oil's; Presco's variance is higher. The p-value (0.154) shows no significant difference between the firms' returns on total assets over the study period, since it exceeds the 0.05 significance level. Okomu Oil's ROA from 2010 through 2024 stays within the 5% benchmark and above, which implies the company, generates satisfactory returns from its assets with effective resource allocation. Average ROA stands at 13.28% for Presco and 19.22% for Okomu Oil, which suggests Okomu Oil performs better than Presco.

Okomu generates more sales and profit per unit of assets, indicating higher asset turnover. A DuPont analysis by Adade and Ada-Okungbowa (2019) revealed that Okomu's superior ROE is driven mainly by higher total asset turnover, whereas Presco's ROE relies more on a high profit margin. In other words, Okomu uses its assets more efficiently to produce revenue, leading to better ROA. Presco's weakness is an incapacity to make sales with its assets effectively. This suggests Presco holds large asset bases (e.g., newly planted estates or factories) that are not fully productive during certain years, dragging down its ROA. Okomu's

higher and steadier ROA implies it is more efficient at converting assets into profit, signaling strong operational performance and prudent asset management.

A higher ROA (near 20%) means Okomu generated more income per naira of assets, attracting investors and providing internally generated funds for growth. It also indicates that Okomu's investments in plantations and processing yield strong returns, reflecting a solid competitive position and cost control. Presco's lower average ROA (mid-teens), despite a comparable asset base, signals that Presco's growth strategy and expenditures take time to pay off. Presco carries significant capital projects or asset acquisitions (new plantations maturing, refinery upgrades) that expand the asset base without immediately lifting income, which dilutes ROA. The flip side is that Presco's assets provide capacity for future growth—its 2016 and 2017 profit surges demonstrate outsized returns when conditions are favorable, indicating high reward potential. From a sustainability standpoint, Okomu's stable returns indicate lower risk and a more predictable business model, while Presco's volatility implies higher business risk.

From a **financial health** perspective, Presco's volatile ROA and reliance on debt financing in certain years may raise concerns about efficient capital use; Okomu's consistently solid ROA suggests effective deployment of resources and could mean a stronger long-term financial footing. Researchers conclude that Presco's

weakness in asset utilisation is offset by higher debt and advise Presco to moderate its debt levels to improve returns. Okomu, by contrast, is advised to improve profit margins, since its asset turnover is already strong (Adade & Ada-Okungbowa, 2019). In summary, Okomu's better ROA performance reflects a well-managed, stable growth approach, whereas Presco's lower ROA reflects periods of under-utilised assets and profit volatility—a trade-off from its aggressive expansion and high-margin strategy. Nigeria's policy environment over 2010–2024 heavily influences gross and operating margins and, by extension, ROA, for Presco and Okomu. Import bans and tariffs from 2015 onward create a period of super-normal profits for both firms—Presco's efficiency in this window leads to a record ROA in 2016, and Okomu's steady execution allows it to clear the 5% ROA benchmark comfortably. When policies loosen—for example, with improved foreign-exchange liquidity in 2017–2018—both firms see margins tighten, highlighting their reliance on the protected market. Broader agricultural investment policies provide the means to expand capacity, which now contributes to growth. Government intervention makes a pivotal difference—first creating a boom for local producers, then underscoring that long-term competitiveness still depends on global price trends and efficiency (Augie, 2018).



Table 3.3: Showing Profitability Ratios of Presco Nigeria Ltd and Okomu Oil Nigeria Plc

Year	Gross Profit Margin		Operating Profit Margin		Return on Asset	
	Presco PLC	Okomu Oil'	Presco PLC	Okomu Oil'	Presco PLC	Okomu Oil'
2010	42.643	62.900	27.820	31.978	5.051	18.798
2011	47.459	58.627	27.833	41.161	7.195	28.599
2012	46.530	62.144	31.673	33.670	12.454	24.195
2013	54.399	56.283	32.108	23.542	4.093	13.874
2014	64.987	55.050	41.398	15.360	7.211	5.214
2015	63.505	64.821	33.564	27.019	4.494	13.452
2016	71.973	75.012	251.599	34.183	56.837	20.247
2017	73.435	79.141	39.295	45.970	12.452	29.073
2018	74.455	73.546	35.566	41.969	7.301	21.448
2019	64.500	68.803	41.201	26.764	5.405	12.314
2020	67.339	67.118	44.156	33.235	7.132	5.349
2021	67.588	32.357	60.777	43.094	15.633	17.544
2022	59.801	27.305	35.711	39.643	10.685	22.388
2023	63.394	27.383	64.885	45.053	20.600	21.710
2024	67.998	30.687	68.417	41.130	22.673	34.141
Total	930.006	841.175	836.010	523.770	199.223	288.346
Average	62.000	56.078	55.734	34.918	13.281	19.223
Variance	99.179	321.813	3103.436	78.264	177.957	68.271
t Stat	1.118		1.429		-1.467	
P(T<=t) two-tailed	0.273		0.164		0.154	
t Critical two-tailed	2.048		2.048		2.048	

Source: Author's compilation, 2025.

3.2: Independent t-test analysis results comparing the firm's characteristics of Presco and Okomu Oil.

Table 3.2 indicated that Presco's mean number of employees exceeds Okomu's, but the p-value (0.32676) shows no statistically significant difference, so both firms operate at broadly comparable labor scale. Okomu's lower variance points to a steadier workforce and more predictable labor costs, whereas Presco's higher and more variable headcount suggests greater

labor leverage and episodic expansions or replanting cycles that temporarily inflate staffing. Consequently, performance gaps are more plausibly driven by productivity and asset use, capacity utilization, yields, extraction efficiency, logistics and energy costs, rather than by the sheer number of employees. Managerially, Okomu's steadiness aligns with tighter planning or consistent mechanization or outsourcing, while Presco's variability reflects growth phases and maintenance timing.

Table-3.2: t-Test of Two Samples of No of Employees

	Presco Number of Employees	Okomu Number of Employees
Mean	617.8666667	539.7333333
Variance	66162.55238	25751.78095
Observations	15	15
Pooled Variance	45957.16667	
Hypothesized Mean Difference	0	
df	28	
t Stat	0.998137475	
P(T<=t) one-tailed	0.163380513	
t Critical one-tailed	1.701130934	
P(T<=t) two-tailed	0.326761026	
t Critical two-tailed	2.048407142	

Source: Author's compilation, 2025.

For board size, Table 3.2.1 showed that the p-value is 1.00598E-05, well below 0.05. This indicates a statistically significant difference in the average number of directors between Presco and Okomu. In other words, one company's board is significantly larger than the others. A significant result here implies differing corporate governance structures: a larger board may reflect broader oversight or a more complex organisation. The literature on Nigerian firms supports this: Badru, Davies and Abdulkadir (2020), find that board size is strongly related to company size and scope. Larger companies tend

to have larger boards to manage greater operations, while firms with concentrated ownership often use smaller boards. Thus, our finding is consistent with theory that company-specific factors drive board composition (Badru et al., 2020). If Presco is the larger enterprise (as financial figures suggest), it is expected to have a correspondingly larger board. Conversely, Okomu's leaner operations would align with a smaller board. The significant t-test result confirms that their board structures differ in a non-random way, reflecting these underlying corporate differences.

Table-3.2.1: Two Samples t-Test of No of Board of Directors

	Presco Board of Directors	Okomu Board of Directors
Mean	10.26666667	11.66666667
Variance	0.20952381	0.80952381
Observations	15	15
Pooled Variance	0.50952381	
Hypothesized Mean Difference	0	
df	28	
t Stat	5.37126310002774	
P(T<=t) one-tail	5.02989333916684E-06	
t Critical one-tailed	1.70113093426593	
P(T<=t) two-tailed	1.00598E-05	
t Critical two-tailed	2.048407142	

Source: Author's compilation, 2025.

From Table 3.2.2, the t-test for revenue yields $p = 0.7674$, also well above 0.05, indicating no significant difference in average revenue between the two firms at the 5% level. In plain terms, this suggests we cannot conclude that one company consistently earns more revenue than the other. (A significant difference would imply clearly distinct scales of operation.) This is somewhat counterintuitive given publicly reported figures: for example, Presco's 2024 revenue (₦208 billion) far exceeds Okomu's (about ₦130 billion in 2025) (Aja, 2025). However, the lack of significance implies that year-to-year fluctuations or sample variability could mask a true difference. Both companies

have shown explosive growth and strong performance in recent years (their combined revenue grew over 100% year-on-year in early 2025) (Aja, 2025), which may produce high variance in the data. In essence, the t-test suggests that, given the data used, the average revenues are not statistically distinguishable. This might reflect that both Presco and Okomu operate in the same booming market segment; occasional dips or spikes in one firm's sales can offset differences over time. As a result, despite Presco's generally larger size, our analysis finds its revenue figures to overlap sufficiently that the difference is not statistically significant.

Table-3.2.2: Two Samples t-Test of Revenue

	Presco Revenue	Okomu Revenue
Mean	34339223.4	30253878.67
Variance	1.64645E+15	1.1591E+15
Observations	15	15
Pooled Variance	1.40278E+15	
Hypothesized Mean Difference	0	
df	28	
t Stat	0.29872044	
P(T<=t) one-tailed	0.383679589	
t Critical one-tailed	1.701130934	
P(T<=t) two-tailed	0.767359178	
t Critical two-tailed	2.048407142	

Source: Author's compilation, 2025.

The t-test for dividend payment in Table 3.2.3 shows $p = 0.5112 (> 0.05)$, indicating no statistically significant difference between Presco and Okomu. This implies their average dividend payments (or dividend yields) are similar enough that any observed difference is not reliable at the 5% significance level. In practical terms, both companies follow comparable dividend policies. Market data supports this: a recent analysis reports nearly identical dividend yields—Okomu 2.94%, Presco 2.84% (Aja, 2025)—reflecting similar payout ratios and shareholder returns. In Nigeria's agro-sector literature, dividend policy often shows little effect on firm performance. Olufemi and Blessing (2024) reports that dividend payout ratios have an insignificant impact on stock returns for Nigerian agricultural firms, and this aligns with our result: both firms pay steady dividends, and neither company's dividend pattern stands out as unusually high or low. The non-significance suggests that, like similar-sized companies in the sector, Presco and Okomu maintain comparable dividend levels. If the test is significant, it implies one firm pays systematically more dividends—perhaps due to different financial needs or shareholder preferences. Instead, the literature and our analysis indicate that their dividend policies are broadly in line with each other and industry norms, consistent with no statistically detectable difference.

At the 5% level, the only firm characteristic showing a significant difference between Presco

and Okomu is board size. This implies a genuine divergence in corporate governance structure (likely reflecting differences in firm scope or ownership). In contrast, the other characteristics—number of employees, revenue, and dividend—did not differ significantly. In practical terms, this means Presco and Okomu are statistically similar in workforce size and financial scale/dividend policy given the data, even if raw figures may differ. The literature on Nigerian agribusiness supports these interpretations: large firms can have large boards (Badru et al., 2020), and both companies are “substantial” employers with comparable shareholder payout (Aja, 2025).

The board-size difference likely arises from structural factors. Badru et. al. (2020) argues that larger or more complex firms require larger boards for adequate oversight. If Presco operates on a broader scale or has more diverse ownership, it would justify a larger board than Okomu. In contrast, the non-significant differences in employees and revenue suggest both companies are similarly robust palm-oil producers; their revenues, while raw numbers vary, may fluctuate enough each year that long-term means are not distinct. Finally, the lack of a dividend difference is consistent with both firms adhering to industry norms. Scholars have found that steady, similar dividend strategies are common in Nigerian agro firms (Olufemi & Blessing, 2024), so it is unsurprising that Presco and Okomu do not differ significantly on this metric.

Table-3.2.3: Two-Sample t-Test of Dividend

	Presco Dividend	Okomu Dividend
Mean	3751548.4	5380052.4
Variance	3.98599E+13	4.99619E+1
Observations	15	15
Pooled Variance	4.49109E+13	
Hypothesised Mean Difference	0	
Df	28	
t Stat	0.665493294	
P(T<=t) one-tailed	0.255590191	
t Critical one-tailed	1.701130934	
P(T<=t) two-tailed	0.511180382	
t Critical two-tailed	2.048407142	

Source: Author's compilation, 2025.

4.0 Conclusion

This study examines the profitability and firm characteristics of Presco Plc and Okomu Oil Plc from 2010 to 2024 using financial statement analysis. The study confirms that both companies are suitable benchmarks for assessing performance in Nigeria's palm oil agro-allied industry because they operate within the same sector, face similar industry conditions, and provide comparable financial information for analysis. It further shows that evaluating agro-allied firms should go beyond surface indicators such as company size or market presence and focus more on how effectively resources are managed, how operations are controlled, and how governance supports long-term financial performance in a policy-sensitive business environment.

one firm is consistently more profitable than the other, since the results do not support a significant profitability gap. Instead, both firms should focus on improving operational efficiency, asset utilisation, and internal control systems, especially in areas where volatility and data irregularities were observed. Since board size differed significantly, each firm should maintain a governance structure that matches its operational scope and oversight needs. The firms should also strengthen risk management practices by paying closer attention to foreign exchange exposure, energy costs, maintenance downtime, and financial reporting quality, so that profitability can be better sustained in a policy-sensitive and uncertain business environment.

4.1 Recommendations

Management and investors should avoid making major decisions based on the assumption that



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