



## EARNING PRESS RELEASE

Regulated Information

### Lagos, 3<sup>rd</sup> April 2023 - BUA Foods delivers strong performance as 2022 full year revenue rose by 26% to N418.3bn

Despite economic headwinds, BUA Foods Plc sustained her leadership position as the most profitable Foods and FMCG company listed on the NGX with a Profit Before Tax growth 38% to N107.2 Billion for Full Year 2022.

All other performance indicators are also on an upswing as earnings per share increased by 20% from previous year. This will undoubtedly boost shareholders return on investment with proposed dividend for 2022 being N4.50k (2021: N3.50k). Additionally, profit after tax surged to N91.3bn representing an increase of 31% from N69.7bn posted for the same period in 2021.

### Key Financial Highlights

	Group			Company		
<i>In thousands of naira</i>	FY 2022	FY 2021	Δ	FY 2022	FY 2021	Δ
<b>Revenue</b>	<b>418,347,770</b>	<b>333,272,234</b>	26%	<b>300,877,115</b>	<b>230,517,695</b>	31%
Cost of Sales	285,555,236	230,312,612	24%	219,137,085	161,234,006	36%
<b>Gross Profit</b>	<b>132,792,534</b>	<b>102,959,622</b>	29%	<b>81,740,029</b>	<b>69,283,689</b>	18%
Gross Margin (%)	31.8%	30.9%	90bps	27%	30%	-300bps
Selling and distribution expenses	14,185,483	10,135,699	40%	10,743,161	7,412,040	45%
Administrative expenses	18,733,919	14,626,871	28%	16,840,058	12,477,991	35%
Total operating expenses	32,919,403	24,762,570	33%	27,583,219	19,890,031	39%
Opex to Income (%)	7.9%	7.4%	50bps	9.2%	8.6%	60bps
<b>Operating Profit</b>	<b>117,492,293</b>	<b>79,894,875</b>	47%	<b>114,036,110</b>	<b>80,089,697</b>	42%
Operating profit margin	28%	23%	500bps	38%	35%	300bps
Other income	15,242,660	1,554,540	980%	57,502,799	30,552,756	88%
Finance cost- net	8,682,060	2,155,627	303%	7,900,267	1,471,651	437%
<b>Profit before income tax</b>	<b>107,229,702</b>	<b>77,468,721</b>	38%	<b>104,555,312</b>	<b>78,347,519</b>	34%
PBT Margin (%)	26%	23%	300bps	35%	34%	100bps
Income Taxes	15,885,684	7,700,636	106%	15,885,684	7,700,636	106%
<b>Effective tax rate (%)</b>	<b>15%</b>	<b>10%</b>	490bps	<b>15%</b>	<b>10%</b>	500bps
<b>Profit for the period</b>	<b>91,344,018</b>	<b>69,768,085</b>	31%	<b>88,669,628</b>	<b>70,646,883</b>	26%
Earnings Per share (Kobo)	5.07	4.24	20%	4.93	4.29	15%
Return on Equity (%)	40%	35%	14%	39%	35%	11%
Return on Assets (%)	15%	12%	25%	15%	12%	25%
<b>Total assets</b>	<b>607,224,625</b>	<b>593,469,515</b>	2.3%	<b>589,193,153</b>	<b>582,673,898</b>	1.1%
<b>Total equity</b>	<b>230,961,332</b>	<b>200,718,673</b>	15.1%	<b>228,161,077</b>	<b>200,592,804</b>	14%
<b>Total liabilities</b>	<b>376,263,289</b>	<b>392,750,842</b>	-4.2%	<b>361,032,076</b>	<b>382,081,094</b>	-6%

**Commenting on the results, Engr. Ayodele Abioye, the Managing Director, said:**

*“BUA Foods Plc continued to maintain her leading position as the most profitable Foods and FMCG listed company in Nigeria with PBT of N107.2 Billion, a growth of 38% on prior year. This is despite the unending disruption of the business climate with high input costs, currency devaluation resulting in increasing operational cost.*

*We remain resolute to navigate the numerous business headwinds to continue delivering double digit growth with sustained focus on our market expansion strategy across our business segments. Delivering long term values to all our stakeholders as we continue to nourish lives remains cardinal”.*

**Key Highlights of Group performance.**

**Revenue** grew by 26% y-o-y to ₦418.3 billion in FY 2022 (FY 2021: ₦333.2 billion). This was due to a y-o-y increase of 32% in Sugar to ₦274.4 billion (FY 2021: ₦209.4 billion), 23.8% in Flour to ₦85.9 billion (FY 2021: ₦69.4 billion), and 5% in Pasta to ₦57.4 billion (FY 2021: ₦54.4 billion).

Increase in **cost of sales** (+24%) to ₦285.6 billion in FY 2022 (FY 2021: ₦230.3 billion) was driven by an increase in raw materials cost and energy cost. The high input cost environment and further devaluation of the Naira against the US Dollar weighed heavily on prices for raw materials. This resulted in higher cost of production.

**Gross profit** increased by 29% to ₦132.8 billion in FY 2022 (FY 2021: ₦103 billion) even as gross profit margin appreciated by 90bps to 32% in FY 2022 (9M 2021: 31%) due to the slight selling price adjustment within the year.

**Selling and distribution expenses** increase by 40% to ₦14.2 billion in FY 2022 (FY 2021: ₦10.1 billion) due to huge increase in cost of diesel within the period.

**Administrative expenses** also increased by 28% to ₦18.7 billion in FY 2022 (FY 2021: ₦14.6 billion) driven majorly by the increase in general expenses (132.5%) to ₦5.4 billion in FY 2022 (FY 2021: ₦2.3 billion) and travels and other transportation fees.

**Total operating expenses** increased by 33% to ₦33.9 billion in FY 2022 (FY 2021: ₦24.7 billion) on the back of significant increase in selling and distribution cost along the supply chain to customers.

**Operating profit** grew by 47% to ₦117.5 billion in FY 2022 (FY 2021: ₦79.8 billion) benefitting from top line growth driven by price adjustment and our export sales. Operating profit margin appreciated by 500bps to 28% in FY 2022 (FY 2021: 23%).

**Profit before tax** increased significantly by 38% to ₦107.2 billion in FY 2022 (FY 2021: ₦77.5 billion) while sustaining her double digit in profit before tax margin at 26%. This is the second year in a row with 2021 profit before tax margin at 24%.

**Profit after tax** grew by 31% to ₦91.3 billion in FY 2022 (FY 2021: ₦69.7 billion). while the Earning per Share (EPS) grew by 20% to N5.07 in FY 2022 from N4.24 in the corresponding period.

**Total assets** increased by 2.3% to ₦607.2 billion as of FY 2022 (FY 2021: ₦593.5 billion) driven largely by strategic transactions in trade and other receivables (+129% at ₦119.3 billion) which are all short term at reasonable fair value.

**Total liabilities** decline by 4.2% to ₦376.3 billion as of FY 2022 (FY 2021: ₦392.8 billion). This was driven mainly by 10% reduction in borrowings now at ₦207.0 billion (FY 2021: ₦241.2 billion)

**Total equity** increased by 15.1% to ₦230.9 billion as of FY 2022 (FY 2021: ₦200.7 billion) mainly due to a significant growth of 15.7% in retained earnings to ₦223 billion as of FY 2022 (FY 2021: ₦192.7 billion).

## **Operating divisional performance**

### **Sugar division**

The Sugar division contributed 66% to revenue in FY 2022 (FY 2021: 64%). Sugar **Revenue** grew by 31.7% to ₦275.1 billion in FY 2022 (FY 2021: ₦209 billion). This was driven by price adjustments and export sales within the period. Volume sold declined slightly by 1% to 607,218 tons within the period (FY 2021: 600,551 tons). The decline in production is attributable to energy disruptions within the period. Both Non-fortified sugar and molasses gained significant increase in sales while Fortified Sugar sales sustained her market share sale at ₦129 billion.

### **Flour division**

The Flour division contributed 20.6% to revenue in FY 2022 (FY 2021: 16%). **Revenue** increased by 24% to ₦85.9 billion in FY 2022 (FY 2021: ₦69.4 billion). This was driven by adjustments in pricing and redesigned route to market distribution along the supply value chain. While volume sold declined by 16% to 170,820 tons within the period (FY 2021: 203,985 tons). The decline in production is attributable to energy challenges in Q2 2022. Revenue from bakery flour grew by 24.2% to ₦79.7 billion in FY 2022 (FY 2021: ₦64.1 billion) while wheat bran appreciated by 19.4% to ₦6.3 billion in FY 2022 (FY 2021: ₦5.2 billion).

### **Pasta division**

The Pasta division contributed 14% to revenue in FY 2022 (FY 2021: 20%). Revenue increased by 5.3% to ₦57.2 billion in FY 2022 (FY 2021: ₦54.4 billion). This was driven by adjustments in pricing as volume sold amidst other innovative proactive sales initiatives within the year. While there was 18% drop in production volume to 111,578 tons (FY 2021: 136,859 tons) within the period. The decline in production is attributable to energy challenges in Q2 2022.

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## Consolidated and separate statements of profit or loss and other Comprehensive Income for the year ended 31 December 2022

	Group 31 December 2022 N'000	Group 31 December 2021 N'000	Company 31 December 2022 N'000	Company 31 December 2021 N'000
Revenue from contracts with customers	418,347,770	333,272,234	300,877,115	230,517,695
Cost of sales	(285,555,236)	(230,312,612)	(219,137,086)	(161,234,006)
<b>Gross profit</b>	<b>132,792,534</b>	<b>102,959,622</b>	<b>81,740,029</b>	<b>69,283,689</b>
Administrative expenses	(18,733,919)	(14,626,871)	(16,840,058)	(12,477,991)
Net impairment writeback on financial assets	2,376,501	143,283	2,376,501	143,283
Selling and distribution expenses	(14,185,483)	(10,135,699)	(10,743,161)	(7,412,040)
Other income	15,242,660	1,554,540	57,502,799	30,552,756
<b>Operating profit</b>	<b>117,492,293</b>	<b>79,894,875</b>	<b>114,036,110</b>	<b>80,089,697</b>
Finance income	39,721	2,892,019	39,721	2,892,019
Finance cost	(8,721,781)	(5,047,646)	(7,939,988)	(4,363,670)
Finance costs - net	(8,682,060)	(2,155,627)	(7,900,267)	(1,471,651)
Minimum tax charge	(1,580,531)	(270,527)	(1,580,531)	(270,527)
<b>Profit before income tax</b>	<b>107,229,702</b>	<b>77,468,721</b>	<b>104,555,312</b>	<b>78,347,519</b>
Income and deferred tax expense	(15,885,684)	(7,700,636)	(15,885,684)	(7,700,636)
<b>Profit after tax</b>	<b>91,344,018</b>	<b>69,768,085</b>	<b>88,669,628</b>	<b>70,646,883</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>91,344,018</b>	<b>69,768,085</b>	<b>88,669,628</b>	<b>70,646,883</b>
<b>Earnings per share</b>				
Basic and diluted earnings per share (EPS) (Naira)	5.07	4.24		

## Consolidated and separate statements of financial position As of 31 December 2022

	Group		Company	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	330,523,752	321,675,653	251,073,929	248,630,430
Right-of-use assets	31,165	1,036,460	31,165	32,008
Biological assets	-	543,901	-	-
Investment in subsidiaries	-	-	407,670	407,670
<b>Total non-current assets</b>	<b>330,554,917</b>	<b>323,256,014</b>	<b>251,512,764</b>	<b>249,070,108</b>
<b>Current assets</b>				
Inventories	29,760,594	24,926,471	19,184,468	15,249,639
Trade receivables and other assets	119,325,516	52,160,076	114,988,875	52,142,637
Cash and balances with banks	32,163,428	30,338,785	32,111,028	30,314,360
Due from related parties	95,420,170	162,788,169	171,396,018	235,897,154
<b>Total current assets</b>	<b>276,669,708</b>	<b>270,213,501</b>	<b>337,680,389</b>	<b>333,603,790</b>
<b>Total assets</b>	<b>607,224,625</b>	<b>593,469,515</b>	<b>589,193,153</b>	<b>582,673,898</b>
<b>Equity</b>				
Share capital	9,000,000	9,000,000	9,000,000	9,000,000
Reorganisation reserves	(943,228)	(943,228)	391,961	391,961
Retained earnings	222,904,564	192,661,901	218,769,116	191,200,843
<b>Total equity</b>	<b>230,961,336</b>	<b>200,718,673</b>	<b>228,161,077</b>	<b>200,592,804</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	33,776,943	15,225,186	33,776,943	15,225,186
Borrowings	3,475,257	4,889,870	3,475,257	4,889,870
Lease liabilities	33,558	33,611	33,558	33,611
Government grants	206,665	-	206,665	-
Deposit for shares	32,243,723	32,243,723	32,243,723	32,243,723
<b>Total non-current liabilities</b>	<b>69,736,146</b>	<b>52,392,390</b>	<b>69,736,146</b>	<b>52,392,390</b>
<b>Current liabilities</b>				
Contract liabilities	47,139,328	40,931,459	47,139,328	40,931,459
Current income tax payable	9,903,788	12,778,745	9,903,788	12,778,745
Lease liabilities	4,193	4,292,441	4,193	4,165
Bank overdraft	4,490,873	2,851,413	4,490,873	2,851,413
Borrowings	208,195,755	241,159,110	208,195,755	241,159,110
Trade and other payables	36,744,571	38,345,284	21,513,358	31,963,812
Government grants	48,635	-	48,635	-
<b>Total current liabilities</b>	<b>306,527,143</b>	<b>340,358,452</b>	<b>291,295,930</b>	<b>329,688,704</b>
<b>Total liabilities</b>	<b>376,263,289</b>	<b>392,750,842</b>	<b>361,032,076</b>	<b>382,081,094</b>
<b>Total equity and liabilities</b>	<b>607,224,625</b>	<b>593,469,515</b>	<b>589,193,153</b>	<b>582,673,898</b>

### **Definition of terms**

**Gross profit** refers to revenue minus cost of sales.

**Gross profit margin** corresponds to gross profit as a % of revenue.

**Operating expenses** corresponds to Selling and distribution expenses, Administrative expenses and Other operating expenses.

**EBITDA** refers to earnings before interest, tax, depreciation and amortization.

**EBITDA margin** corresponds to EBITDA as a % of revenue.

**Operating profit** refers to gross profit minus operating expenses plus other operating income.

**Operating profit Margin** corresponds to EBIT as a % of revenue.

**Profit before Tax** corresponds to EBIT minus net finance (cost)/income and plus share of profit of associates and joint venture using the equity method.

**Profit before tax margin** corresponds to profit before tax as a % of revenue.

**Return on equity** corresponds to net profit reported to average total equity.

**Return on assets** corresponds to net profit reported to average total assets.

**Earnings per share** is profit after tax from continuing operations reported to weighted average number of shares.

### **About BUA Foods Plc**

BUA Foods Plc (NGX: BUAFOODS) is a leading food business with well diversified and scalable operations producing sugar, flour, pasta, rice and edible oils. The Company owns strategically located plants across Nigeria, in addition to a cordial alliance with local stakeholders in host communities. Additionally, BUA Foods is a resilient business built on a strong brand proposition and is an operator that has a well-known reputation for delivering high-quality products.

BUA Foods continues to invest in modern technology for efficient food production, innovatively expanding with strategic partners across the value chain. The Company is also well positioned to leverage significant export potentials across West Africa and the larger African continent.

Headquartered and listed in Nigeria, BUA Foods is one of the most capitalized companies on the NGX Exchange and a leading consumer goods firm by market value.

For more information visit <https://www.buafoodsplc.com/overview/>