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Regulated Information

Lagos, 1st May 2023

Q1 2023 Results- BUA Foods delivers strong performance as 2023 first quarter revenue rose by 26% to N144.3bn

Despite the numerous political and economic headwinds that kickstart the year, BUA Foods Plc sustained her leadership position in the Foods and FMCG company listed on the NGX with a Profit After Tax (PAT) growth of 77.1% to N40.5 Billion for the first Quarter 2023.

All other performance indicators were sustained at double digits growth even as earnings per share increased by 77% relative to same quarter in 2022.

Key Financial Highlights

	Group		
<i>In thousands of naira</i>	Q1 2023	Q1 2022	Δ
Revenue	144,318,353	90,066,980	60.2%
Cost of Sales	87,660,700	61,736,953	42%
Gross Profit	56,657,653	28,330,027	100%
Gross Margin (%)	39.3%	31.4%	790bps
Selling and distribution expenses	6,285,143	708,340	787%
Administrative expenses	2,617,951	1,518,513	72.4%
Total operating expenses	8,903,094	2,226,853	299%
Opex to Income (%)	6.2%	2.5%	370bps
Operating Profit	48,156,521	26,494,654	81.7%
Operating profit margin	33.4%	29.4%	400bps
Other income	401,952	391,479	2.6%
Finance cost- net	2,129,854	1,655,646	28.6%
Profit before income tax	45,945,252	24,839,008	85%
PBT Margin (%)	33.9%	27.6%	630bps
Income Taxes	5,476,303	1,994,517	174.5%
Effective tax rate (%)	12%	8%	400bps
Net Profit for the period	40,468,949	22,844,491	77.1%
Earnings Per share (Kobo)	2.25	1.27	77%
Return on Equity (%)	14.9%	9.9%	501bps
Return on Assets (%)	6.2%	3.7%	243bps
Total assets	649,630,715	607,224,625	6.9%
Total equity	271,430,285	230,961,336	17.5%
Total liabilities	378,200,430	376,263,289	0.5%

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

“BUA Foods Plc continue to deliver strong performance across key financial metrics despite the business climate headwinds characterized in Q1 by the economic impact of the general elections, high food inflation and shortage of cash in circulation following the currency redesign policy. We continue to leverage our unique strategic business model to minimize the impact. We are committed to remain the most profitable business in our sector while creating long term values for our stakeholders as we expand our frontiers.”

Key Highlights of Group performance.

Revenue grew by 60.2% q-o-q to ₦144.3 billion in Q1 2023 (Q1 2022: ₦90.1 billion). This was due to a q-o-q increase of 71.7% in Sugar to ₦93.2 billion (Q1 2022: ₦54.2 billion), 57.8% in Flour to ₦31.2 billion (Q1 2022: ₦19.8 billion), and 21.8% in Pasta to ₦19.4 billion (Q1 2022: ₦15.9 billion). New division Rice business contributed ₦384 million to the top line same period.

Increase in **cost of sales** (+41.9%) to ₦87.6 billion in Q1 2023 (Q1 2022: ₦61.7 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 100% to ₦56.6 billion in Q1 2023 (Q1 2022: ₦28.3 billion) even as gross profit margin appreciated by 790bps to 39.3% in Q1 2023 (Q1 2022: 31.4%) due to the slight selling price adjustment and new market coverage for sales within the year.

Selling and distribution expenses increase by 787% to ₦6.3 billion in Q1 2023 (Q1 2022: ₦0.7 billion) due to increase in cost of diesel impacting within the period and revised focus on aggressive sales strategy to push volume.

Administrative expenses also increased by 72.4% to ₦2.6 billion in Q1 2023 (Q1 2022: ₦1.5 billion) driven majorly by the increase in general expenses (128.2%) to ₦530.2 million in Q1 2023 (Q1 2022: ₦232.4 million). Others key highlights includes Diesel and Fuel (75.4%) and Bank Charges of ₦473 million.

Operating profit grew by 81.7% to ₦48.1 billion in Q1 2023 (Q1 2022: ₦26.5 billion) benefitting from top line growth driven by price adjustment, local market expansion and our export sales. Operating profit margin appreciated by 400bps to 33.4% in Q1 2023 (Q1 2022: 29.4%).

Profit before tax increased significantly by 85% to ₦45.9 billion in Q1 2023 (Q1 2022: ₦24.8 billion) while sustaining her double digit in profit before tax margin at 31.8 from 27.6% in comparable quarters.

Profit after tax grew by 77.1% to ₦40.4 billion in Q1 2023 (Q1 2022: ₦22.8 billion). while the Earning per Share (EPS) grew by 77% to N2.25 in Q1 2023 from N1.27 in the corresponding period.

Total assets increased by 6.9% to ₦649.6 billion as of Q1 2023 (FY 2022: ₦607.2 billion) driven largely by growth in retained earnings of 18.1% at ₦263.3 billion from ₦222.9 million at FY 2022.

Total liabilities increase slightly by 0.5% to ₦378.2 billion as of Q1 2023 (FY 2022: ₦376.2 billion). This was driven mainly by trade and other payables amidst other current liabilities surge by 37.5% to ₦50.5 billion from ₦36.7 billion in FY 2022.

Total equity increased by 17.5% to ₦271.4 billion as of Q1 2023 (FY 2022: ₦230.9 billion) mainly due to a significant growth of 18.1% in retained earnings to ₦263.3 billion as of Q1 2023 (FY 2022: ₦222.9 billion).

Operating divisional performance

Sugar division

The Sugar division contributed 64.6% to revenue in Q1 2023 (Q1 2022: 60.4%). Sugar **Revenue** grew by 71.7% to ₦93.2 billion in Q1 2023 (Q1 2022: ₦54.2 billion). This was driven by sales volume growth, price adjustments and export sales within the period. Volume sold increases significantly by 25% to 166,373 tons within the period (Q1 2022: 132,941 tons). Fortified Sugar sales sustained her market share with 95.7% increase sale to ₦61.6 billion.

Flour division

The Flour division contributed 21.7% to revenue in Q1 2023 (Q1 2022: 22%). **Revenue** increased by 57.8% to ₦31.3 billion in Q1 2023 (Q1 2022: ₦19.8 billion). This was driven by increase in sales volume and redesigned route to market distribution along the supply value chain. While volume sold increased by 16% to 53,215 tons within the period (Q1 2022: 45,810 tons). Revenue from bakery flour grew by 61.7% to ₦29.6 billion in Q1 2023 (Q1 2022: ₦18.3 billion) while wheat bran appreciated by 10.1% to ₦1.68 billion in Q1 2023 (Q1 2022: ₦1.5 billion).

Pasta division

The Pasta division contributed 13.4% to revenue in Q1 2023 (Q1 2022: 17.6%). Revenue increased by 21.8% to ₦19.4 billion in Q1 2023 (Q1 2022 ₦15.9 billion). This was driven by adjustments in pricing amidst other innovative sales initiatives within the year. There was 9% drop in production volume to 31,230 tons (Q1 2022: 134,155 tons) within the period.

Rice division

The Rice division as new entrance to the business contributed 0.3% valued at ₦0.38 billion to revenue in Q1 2023. The potential looks good in the coming quarters.

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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/>