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Regulated Information

Lagos, 31st July 2023

H1 2023 Results- BUA Foods sustain her leadership in the Food and FMCG sector on the NGX with 142% growth in PAT to N95.2bn.

Key Financial Highlights

	Group		
<i>In thousands of naira</i>	H1 2023	H1 2022	Δ
Revenue	320,930,303	168,854,513	90.63%
Cost of Sales	188,097,329	116,788,996	61.05%
Gross Profit	132,832,974	52,065,517	155%
Gross Margin (%)	41.39%	30.83%	1,056bps
Selling and distribution expenses	12,854,480	4,272,789	200.84%
Administrative expenses	5,014,847	1,895,735	164.53%
Total operating expenses	17,869,327	6,168,524	189.68%
Opex to Income (%)	5.56%	3.65%	191bps
Operating Profit	115,860,252	46,792,231	147.61%
Operating profit margin	36.10%	27.71%	839bps
Other income	896,604	895,238	0%
Finance cost- net	6,300,500	4,090,527	54%
Profit before income tax	109,381,070	42,701,704	156%
PBT Margin (%)	34.08%	25.29%	630bps
Income Taxes	14,182,710	3,393,034	318%
Effective tax rate (%)	12.97%	8%	497bps
Net Profit for the period	95,198,360	39,308,670	142%
Earnings Per share (Kobo)	5.29	2.18	142.6%
Return on Equity (%)	29.18%	17.02%	1216bps
Return on Assets (%)	12.56%	6.47%	609bps
Total assets	757,922,000	607,224,625	24.8%
Total equity	326,159,696	230,961,336	41.2%
Total liabilities	431,762,304	376,263,289	14.7%

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

“BUA Foods Plc continues to deliver solid growth across key business metrics in spite of social-economic and political headwinds. We have sustained returns by consistently executing our unique business strategy through a strong value proposition, expanding frontiers from a market and product offering standpoint with a view to sustain profitable leadership in our sector to create long term value for our stakeholders.

Whilst the impact of foreign exchange loss in H1 has not been significant due to our supply chain hedging strategy, we anticipate a material effect in H2 which will be adequately provisioned for.

However, our business resilience continues to assure impressive margin growth driven by increasing production capacity and capabilities. "

Key Highlights of Group performance.

Revenue grew by 90.63% y-o-y to ₦320.9 billion in H1 2023 (H1 2022: ₦168.8 billion). This was due to a y-o-y increase of 80% in Sugar to ₦196.5 billion (H1 2022: ₦109.1 billion), 154% in Flour to ₦86 billion (H1 2022: ₦33.9 billion), and 47% in Pasta to ₦37.9 billion (H1 2022: ₦25.8 billion). The revamped rice division contributed ₦466 million to the top line same period. The growth is driven by selling price adjustment, volume increase, and export market.

Increase in **cost of sales** (+61.1%) to ₦188.1 billion in H1 2023 (H1 2022: ₦116.7 billion) was driven by an increase in raw materials cost, factory expenses and energy cost. The high input cost environment continues to result in higher cost of production.

Gross profit increased by 155% to ₦132.8 billion in H1 2023 (H1 2022: ₦52.1 billion) even as gross profit margin appreciated by 1,056bps to 41.39% in H1 2023 (H1 2022: 30.83%) due to the sales volume growth and price adjustment.

Selling and distribution expenses increased by over 200% to ₦12.8 billion in H1 2023 (H1 2022: ₦4.2 billion) due to increase in transportation and logistics to support sales expansion plans while pushing volume.

Administrative expenses also increased by 164.5% to ₦5.0 billion in H1 2023 (H1 2022: ₦1.89 billion). Key components include increase in salaries and wages (114%) to ₦1.15 billion in H1 2023 (H1 2022: ₦536 million) and other general expenses (362%) to ₦0.69 billion in H1 2023. Other key highlights include Bank Charges of ₦864 million.

Operating profit grew by 147.61% to ₦115.8 billion in H1 2023 (H1 2022: ₦46.8 billion) benefitting from top line growth driven by price adjustment, local market expansion and export sales. Operating profit margin appreciated by 839bps to 36.1% in H1 2023 (H1 2022: 27.7%).

Profit before tax increased significantly by 156% to ₦109.4 billion in H1 2023 (H1 2022: ₦42.7 billion) while sustaining double digit in profit before tax margin at 34.1% from 27.7% in comparable half year.

Profit after tax grew by 142% to ₦95.2 billion in H1 2023 (H1 2022: ₦39.3 billion). While the Earnings per Share (EPS) grew by 142.6% to ₦5.29 in H1 2023 from ₦2.18 in the corresponding period.

Total assets increased by 24.8% to ₦757.9 billion as of H1 2023 (FY 2022: ₦607.2 billion) driven by additional capital investment and increase in other working capital assets in the period.

Total liabilities increased slightly by 14.7% to ₦431.7 billion as of H1 2023 (FY 2022: ₦376.2 billion). This was driven mainly by trade and other payables amidst other contract liabilities surge by 64.5% to ₦77.5 billion from ₦47.1 billion in FY 2022.

Total equity increased by 41.2% to ₦326.2 billion as of H1 2023 (FY 2022: ₦230.9 billion) mainly due to a significant growth of 42.7% in retained earnings to ₦318.1 billion as of H1 2023 (FY 2022: ₦222.9 billion).

Operating divisional performance

Sugar division

The Sugar division contributed 61.2% to revenue in H1 2023 (H1 2022: 63.4%). Sugar **Revenue** grew by 80% to ₦196.5 billion in H1 2023 (H1 2022: ₦109.1 billion). The increase in revenue was due to volume and price adjustments within the period. Contribution margin increased to 40% from 30% recorded for half year 2022. This was driven by sales volume growth, price adjustments and export sales within the period.

Volume sold increased significantly by 29.6% to 344,130 tons within the period (H1 2022: 256,509 tons). Fortified Sugar sales sustained her market share with 176.5% increase in sales to ₦151.5 billion.

Flour division

The Flour division contributed 26.8% to revenue in H1 2023 (H1 2022: 22%) as **revenue** increased by 154% to ₦86 billion in H1 2023 (H1 2022: ₦33.9 billion). This was driven by increase in sales volume and price adjustment.

While flour volume sold increased by 77% to 136,910 tons within the period (H1 2022: 77,489 tons), wheat bran volume appreciated by 50% to 58,874 tons in H1 2023 (H1 2022: 39,165 tons). Contribution margin increased to 44% from 28% for the same period last year

Pasta division

The Pasta division contributed 11.9% to revenue in H1 2023 (H1 2022: 14.6%) as revenue increased by 47% to ₦37.9 billion in H1 2023 (H1 2022 ₦25.8 billion). On volume, the division sold a total of 63,381 tons during the period which is 11% higher than H1,2022 figures of 56,935 tons. The increase in sales volume is due to higher demands for products during the period.

Rice division

The Rice division as new entrant to the business contributed 0.14% valued at ₦0.47 billion to revenue in H1 2023. The potential looks good in the coming quarters as the paddy supply chain get optimized.

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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/>