



EARNING PRESS RELEASE

Regulated Information

BUA Foods posts 89% Gross Profit Increase, amidst headwinds

Turnover grew by 74% to NGN728.5billion. Profit After Tax grew by 22% to N111.5Billion for 12M 2023.

Lagos, 31st January 2024 – BUA Foods Plc (“BUA Foods”, or “the Company”) announced its results for the unaudited Q4 and 12M financial for the period ended 31 December 2023.

Key Financial Highlights

<i>In thousands of naira</i>	Group		
	12M 2023	12M 2022	Δ
Revenue	728,477,105	418,347,770	74%
Cost of Sales	477,147,433	285,555,236	67%
Gross Profit	251,329,672	132,792,534	89%
Gross Margin (%)	34.5%	31.7%	280bps
Selling and distribution expenses	28,035,321	14,185,483	98%
Administrative expenses	11,698,042	18,733,919	-38%
Total operating expenses	39,733,363	32,919,402	21%
Other income	1,694,560	17,619,161	-90%
Operating Profit	213,290,870	117,492,293	82%
Opex to Income	5.4%	8%	-33%
Operating profit margin	29.0%	28.0%	100bps
Finance cost	18,898,797	8,721,781	116%
Foreign exchange Loss	73,561,072	-	-
Profit before income tax	120,831,001	107,229,702	12.6%
PBT Margin (%)	16.5%	25%	900bps
Income Taxes	9,294,161	15,885,684	-41%
Effective tax rate (%)	7.7%	14.8%	-
Profit for the period	111,536,840	91,344,018	22%
Earnings Per share (Kobo)	6.20	5.07	22%
Return on Equity (%)	42.6%	39.5%	7.8%
Return on Assets (%)	15.2%	15.0%	1.3%
Total assets	734,071,883	607,224,625	21%
Total equity	261,498,176	230,961,336	13%
Total liabilities	472,573,707	376,263,289	25%

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

“This is a solid performance in the face of an unending challenging macro environment. BUA foods delivered strong growth despite the persistent devaluation of the naira during the period, which led to a substantial and negative impact of foreign exchange losses. Despite the margin squeeze on operating profit to 82%, our business remained resilient to deliver bottom line growth of 22% to N111.5Bn.

Our expansion strategies across all frontiers continue to crystallize in supporting growth. We remained committed to accelerating delivery in alternative and local raw materials sourcing across all our operating units, this is including the BIP project for sugar development as a softening opportunity to rely less on forex.

As we look ahead, our integrated supply chain execution strategy will continue to be strengthened to sustain the delivery of growth across our financial metrics. We are confident in our plans for the year 2024 in the face of the business climate uncertainties.

We remain committed to creating long term value to all our stakeholders and staying true to our creed of nourishing lives.”

Key Highlights of Group performance and financial review of 12M unaudited.

Revenue grew by 74% y-o-y to ₦728.5 billion in 12M 2023 (12M 2022: ₦418.3 billion). This was due to a y-o-y increase of 53% in Sugar to ₦421.5 billion (12M 2022: ₦275.2 billion), 152% in Flour to ₦216.9 billion (12M 2022: ₦85.9 billion), and 54% in Pasta to ₦87.9 billion (12M 2022: ₦57.2 billion).

Increase in **cost of sales** (+67%) to ₦477.14 billion in 12M 2023 (12M 2022: ₦285.55 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 89% to ₦251.32 billion in 12M 2023 (12M 2022: ₦132.79 billion) even as gross profit margin appreciated by 280bps to 34.5% in 12M 2023 (12M 2022: 31.7%) due to the slight selling price adjustment within the year.

Selling and distribution expenses increased by 98% to ₦28 billion in 12M 2023 (12M 2022: ₦14.1 billion) due to huge increase in cost of diesel within the period.

Administrative expenses also declined by 38% to ₦11.6 billion in 12M 2023 (12M 2022: ₦21 billion) driven majorly by the decrease in general expenses (-58%) to ₦2.23 billion in 12M 2023 (12M 2022: ₦5.38 billion)

Total operating expenses increased by 20% to ₦39.7 billion in 12M 2023 (12M 2022: ₦32.9 billion) on the back of increase in selling and distribution cost along the supply chain to customers.

EBITDA increased by 81% to ₦223.3 billion in 12M 2023 (12M 2022: ₦123.3 billion), driven by growth in gross profit. Also, EBITDA margin appreciated by 120bps to 30.6% in 12M 2023 (12M 2022: 29.4%).

Operating profit grew by 82% to ₦213.2 billion in 12M 2023 (12M 2022: ₦117.4 billion) benefitting from top line growth driven by price adjustment and volume increase due to capacity expansion for IRS. Operating profit margin appreciated by 100bps to 29% in 12M 2023 (12M 2022: 28%).

Finance charges grew by 116% to ₦18.89 billion in 12M 2023 (12M 2022: ₦8.68 billion)

Profit before tax increased significantly by 12.6% to ₦120.8 billion in 12M 2023 (12M 2022: ₦107.2 billion) however, profit before tax margin stood at 16.6%.

Profit after tax grew by 22% to ₦111.5 billion in 12M 2023 (12M 2022: ₦91.3 billion). while the Earning per Share (EPS) grew by 22% to N6.20 in 12M 2023 from N5.07 in the corresponding period.

Total assets increased by 21% to ₦734 billion as of 12M 2023 (FY 2022: ₦607.2 billion) driven largely by strategic transactions in trade and other receivables

Total liabilities increased by 25% to ₦472.5 billion as of 12M 2023 (FY 2022: ₦376.2 billion).

Total equity increased by 13% to ₦261.4 billion as of 12M 2023 (FY 2022: ₦376.2 billion) mainly due to asignificant growth of 13% in retained earnings to ₦253.4 billion as of 12M 2023 (FY 2022: ₦222.9 billion).

Operating segment performance

Sugar division

The Sugar division contributed 58% to revenue in 12M 2023 (12M 2022: 66%). Sugar **Revenue** grew by 53% to ₦421.5 billion in 12M 2023 (12M 2022: ₦275.2 billion). The increase in revenue is due majorly to price adjustments within the period. Volume sold increased marginally by 5% to 635,519 tons within the period (12M 2022: 607,218 tons).

Flour division

The Flour division contributed 30% to revenue in 12M 2023 (12M 2022: 20%). **Revenue** increased by 152% to ₦216.9 billion in 12M 2023 (12M 2022: ₦85.9 billion). The growth in revenue is due both to volume increase and price adjustment within the period. Contribution margin also increased to 27% from 18% for the same period last year due to higher selling price.

Pasta division

The Pasta division contributed 12% to revenue in 12M 2023 (12M 2022: 14%). Revenue increased by 54% to ₦87.9 billion in 12M 2023 (12M 2022: ₦57.2 billion). The increase in sales volume is due to gradual commissioning of new pasta production lines. There was also a 16% increase in production volume to 129,062 tons in 12M 2023 (12M 2022: 111,577 tons).

Rice division

The rice division debuted in 2023 contributing marginally to revenue. The total of N2.1 billion was generated from its operations. The challenges in the paddy supply chain for rice production affected the plans for full commercialization, however, we are working with local farmers to bolster the effectiveness of the paddy supplies and optimize operations in 2024.

For further information, please

contact:Abdulrasheed Olayiwola

Chief Financial Officer

E: Abdulrasheed.Olayiwola@buafoodsplc.com

M: 234 803 334 3914

Emmanuel Chijioke

Head, Investor Relations

E: emmanuel.chijioke@buafoodsplc.com

M: +234 8033651390

BUA Foods Investor RelationsIR@buafoodsplc.com


Statements of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2023

	Notes	Unaudited	Audited	Unaudited	Audited
		YTD 31ST DEC 2023	YTD 31ST DEC 2022	YTD 31ST DEC 2023	YTD 31ST DEC 2022
		Group ₦'000	Group ₦'000	Company ₦'000	Company ₦'000
Turnover	1	728,477,105	418,347,770	489,152,419	300,877,115
Cost of Sales	2	477,147,433	285,555,236	336,935,131	219,137,086
Gross Profit		251,329,672	132,792,534	152,217,288	81,740,029
Administrative expenses	4a	11,698,042	18,733,919	9,336,984	16,840,058
Selling & distribution expenses	4b	28,035,321	14,185,483	17,935,075	10,743,161
Other income	3	1,694,560	15,242,660	65,988,218	57,502,799
Operating Profit		213,290,870	117,492,293	190,933,448	114,036,110
Finance Income		-	39,721	-	39,721
Finance Costs		18,898,797	8,721,781	10,329,089	7,939,988
Finance Costs - net		18,898,797	8,682,060	10,329,089	7,900,267
Finance Exchange (Gain) Loss		73,561,072	-	73,561,072	-
Minimum Tax		-	1,580,531	-	1,580,531
Profit Before Tax		120,831,001	107,229,702	107,043,287	104,555,312
Income Taxes		9,294,161	15,885,684	9,294,161	15,885,684
Net Profit After Tax		111,536,840	91,344,018	97,749,126	88,669,628
EPS		6.20	5.07	5.43	4.93

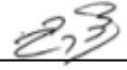
Statements of financial position as at 31 December 2023

	Notes	Unaudited	Audited	Unaudited	Audited
		YTD 31ST DEC 2023	YTD 31ST DEC 2022	YTD 31ST DEC 2023	YTD 31ST DEC 2022
		Group	Group	Company	Company
		N'000	N'000	N'000	N'000
Assets					
Non-Current Assets					
Property, Plant and Equipments	5	353,170,673	330,523,752	258,665,611	251,073,929
Right of Use Assets	6	5,715,032	31,165	30,324	31,165
Investment in Subsidiaries		-	-	407,670	407,670
Total Non-Current Assets		358,885,705	330,554,917	259,103,605	251,512,764
Current Assets					
Inventories	7	91,470,941	29,760,594	77,765,799	19,184,468
Trade and other receivables	8	199,956,566	119,325,516	195,453,374	114,988,875
Due from Related Companies		-	95,420,170	44,112,091	171,396,018
Cash and Short Term Deposits	9	83,758,671	32,163,428	83,720,412	32,111,028
Total Current Assets		375,186,178	276,669,708	401,051,677	337,680,389
Total Assets		734,071,883	607,224,625	660,155,282	589,193,153
Liabilities and Equity					
Equity					
Share Capital	10	9,000,000	9,000,000	9,000,000	9,000,000
Reorganisation and other reserves		(943,228)	(943,228)	391,961	391,961
Retained Earnings		253,441,404	222,904,564	235,518,242	218,769,116
Total Equity		261,498,176	230,961,336	244,910,203	228,161,077
Liabilities					
Non-current liabilities					
Deferred Tax Liabilities		38,993,501	33,776,943	38,993,501	33,776,943
Borrowings		2,721,826	3,475,257	2,721,826	3,475,257
Lease Liabilities		5,995,409	33,558	33,550	33,558
Government Grants		206,665	206,665	206,665	206,665
Deposit for Shares		-	32,243,723	-	32,243,723
Total Non-Current Liabilities		47,917,401	69,736,146	41,955,542	69,736,146
Current Liabilities					
Contract Liabilities		81,050,226	47,139,328	81,050,226	47,139,328
Current Income Tax Liabilities		12,593,643	9,903,788	12,593,643	9,903,788
Lease Liabilities		209,025	4,193	4,173	4,193
Bank Overdraft	9	1,035,026	4,490,873	1,035,026	4,490,873
Borrowings	11	242,450,464	208,195,755	242,450,464	208,195,755
Due to Related Companies		19,239,294	-	-	-
Trade and Other Payables	12	68,029,991	36,744,571	36,107,369	21,513,358
Government Grants		48,635	48,635	48,635	48,635
Total Current Liabilities		424,656,306	306,527,143	373,289,537	291,295,930
Total Liabilities		472,573,707	376,263,289	415,245,079	361,032,076
Total Liabilities and Equity		734,071,883	607,224,625	660,155,282	589,193,153

The financial statements and notes on pages 9 to 18 were approved by the Board of Directors on 25th January, 2024 and signed on its behalf by:


Abdul Samad Rabiu CFR, CON
 Chairman
 FRC/2014/IODN/00000010111


Ayodele Abioye
 Managing Director
 FRC/2022/PRO/FORM/CO7/003/00000023864


Abdulrasheed Olayiwola
 Chief Finance Officer
 FRC/2014/ICAN/00000010407

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/>