



EARNING PRESS RELEASE

Regulated Information

BUA Foods sustains Growth performance amidst headwinds. Delivers Gross profit increase of 96% to N260 Billion

Profit After Tax grew by 23% to N112.1Billion for 12M 2023. Turnover grew by 74% to NGN729.4billion.

Lagos, 31st March 2024 – BUA Foods Plc (“BUA Foods”, or “the Company”) announced its results for the audited 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	729,443,355	418,347,770	74%
Cost of Sales	468,983,756	285,555,236	64%
Gross Profit	260,459,599	132,792,534	96%
Gross Margin (%)	35.7%	31.7%	400bps
Selling and distribution expenses	(29,849,296)	(14,185,483)	110%
Administrative expenses	(17,212,664)	(18,733,919)	(8%)
Total operating expenses	(47,061,960)	(32,919,402)	43%
Other income	809,325	15,242,660	-
Operating Profit	206,316,119	117,492,294	75%
Opex to Income	6.4%	8%	-160bps
Operating profit margin	28.2%	28.0%	20bps
Finance cost - net	(98,181,547)	(8,682,060)	1031%
Minimum tax charge	(10,640)	(1,580,531)	-
Profit before income tax	108,123,932	107,229,703	8%
PBT Margin (%)	15%	25%	-1000bps
Income and deferred tax credit/ (expense)	3,973,565	(15,885,683)	-125%
Effective tax rate (%)	3.7%	14.8%	-
Profit for the period	112,097,497	91,344,020	23%
Earnings Per share (Kobo)	6.23	5.07	23%
Return on Equity (%)	42.8%	39.5%	330bps
Return on Assets (%)	10.4%	15.0%	-460bps
Total assets	1,070,439,862	607,224,625	76%
Total equity	262,058,834	230,961,336	13%
Total liabilities	808,381,028	376,263,288	115%

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

"2023 witnessed a very challenging operating environment characterized by macroeconomic headwinds. We were able to navigate these challenges leveraging our unique strategic business model to deliver a strong performance as top line grew by as much as 74%, with gross profit leaping by 96% while total assets increased significantly. This is a reaffirmation of our commitment to drive shareholder value underpinned by our unique capabilities as a strong, diversified and scalable food business.

Expansion efforts across all frontiers continues to crystallize in supporting growth as we accelerate our strategy to become a leading food brand on the continent.

We continue to drive efficiency through our integrated supply chain system by leveraging economies of scale in alignment with market expansion efforts towards fulfilling the increasing demand of customers.

Looking ahead, we remain committed to unlocking opportunities for sustained and improved business performance while being confident in our strategic plans for the year 2024.

Creating long-term value for all stakeholders is an imperative, even as we stay true to our creed of nourishing lives."

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

Revenue grew by 74% y-o-y to ₦729.4 billion in 12M 2023 (12M 2022: ₦418.3 billion). This was due to a y-o-y increase of 54% in Sugar to ₦422.5 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** (+64%) to ₦468.98 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 96% to ₦260.45 billion in 12M 2023 (12M 2022: ₦132.79 billion) even as gross profit margin appreciated by 400bps to 35.7% in 12M 2023 (12M 2022: 31.7%) due to the slight selling price adjustment within the year.

Selling and distribution expenses increased by 110% to ₦29.84 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 8% to ₦17.21 billion in 12M 2023 (12M 2022: ₦21 billion)

Total operating expenses increased by 43% to ₦47.06 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 74% to ₦215.6 billion in 12M 2023 (12M 2022: ₦124.1 billion), driven by growth in gross profit. Also, EBITDA margin appreciated by 20bps to 29.6% in 12M 2023 (12M 2022: 29.4%).

Operating profit grew by 75% to ₦206.3 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 our flour and pasta business. Operating profit margin appreciated by 20bps to 28.2% in 12M 2023 (12M 2022: 28%).

Finance fees grew by 1031% to ₦98.18 billion in 12M 2023 (12M 2022: ₦8.68 billion) largely driven by FX losses within the period.

Profit before tax increased by 8% to ₦108.12 billion in 12M 2023 (12M 2022: ₦107.2 billion), however, profit before tax margin dropped to 15%.

Profit after tax grew by 23% to ₦112.09 billion in 12M 2023 (12M 2022: ₦91.3 billion). while the Earning per Share (EPS) grew by 23% to N6.23 in 12M 2023 from N5.07 in the corresponding period.

Total assets increased to ₦1,070 Trillion as of 12M 2023 (FY 2022: ₦607.2 billion) driven largely by strategic transactions in trade and other receivables as well as forex valuations.

Total liabilities increased by 115% to ₦808.3 billion as of 12M 2023 (FY 2022: ₦376.2 billion).

Total equity increased by 13% to ₦262.05 billion as of 12M 2023 (FY 2022: ₦376.2 billion) mainly due to a significant growth of 14% in retained earnings to ₦254.1 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

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BUA FOODS PLC

Annual report and financial statements

Consolidated and separate statements of profit or loss and other comprehensive income

For the year ended 31 December 2023

		Group	Group	Company	Company
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
	Note	N'000	N'000	N'000	N'000
Revenue from contracts with customers	5	729,443,355	418,347,770	490,118,669	300,877,115
Cost of sales	6	(468,983,756)	(285,555,236)	(328,700,970)	(219,137,086)
Gross profit		260,459,599	132,792,534	161,417,699	81,740,029
Administrative expenses	7	(17,212,664)	(18,733,919)	(14,466,856)	(16,840,057)
Selling and distribution expenses	8	(29,849,296)	(14,185,483)	(19,770,163)	(10,743,161)
Net impairment (loss)/writeback on financial assets	9	(7,890,845)	2,376,501	(8,395,892)	2,376,501
Other income	10	809,325	15,242,660	66,868,384	57,502,799
Operating profit		206,316,119	117,492,294	185,653,172	114,036,111
Finance income	11	2,497,371	39,721	2,497,371	39,721
Finance cost	11	(100,678,918)	(8,721,781)	(80,055,309)	(7,939,988)
Finance costs - net		(98,181,547)	(8,682,060)	(77,557,938)	(7,900,267)
Minimum tax charge	12a	(10,640)	(1,580,531)	(10,640)	(1,580,531)
Profit before income tax		108,123,932	107,229,703	108,084,594	104,555,313
Income and deferred tax credit/(expense)	12b	3,973,565	(15,885,683)	3,973,565	(15,885,683)
Profit after tax		112,097,497	91,344,020	112,058,159	88,669,630
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		112,097,497	91,344,020	112,058,159	88,669,630
Earnings per share					
Basic and diluted earnings per share (EPS) (Naira)	21.1	6.23	5.07	6.23	4.93

Consolidated and separate statements of financial position

As at 31 December 2023

	Note	Group		Company	
		31 December 2023 N'000	31 December 2022 N'000	31 December 2023 N'000	31 December 2022 N'000
Assets					
Non-current assets					
Property, plant and equipment	13	357,991,862	330,523,752	263,431,837	251,073,929
Right-of-use assets	14	30,324	31,165	30,324	31,166
Investment in subsidiaries	25	-	-	407,670	407,670
Total non-current assets		358,022,186	330,554,917	263,869,831	251,512,765
Current assets					
Inventories	15	112,276,641	29,760,594	81,405,117	19,184,468
Trade receivables and other assets	16	151,156,115	119,325,516	159,882,145	114,988,875
Cash and balances with banks	17	100,124,789	32,163,428	100,086,530	32,111,028
Due from related parties	24b	348,860,131	95,420,170	582,047,214	244,490,366
Total current assets		712,417,676	276,669,708	923,421,006	410,774,737
Total assets		1,070,439,862	607,224,625	1,187,290,837	662,287,502
Equity					
Share capital	21	9,000,000	9,000,000	9,000,000	9,000,000
Reorganisation reserves		(943,228)	(943,228)	391,961	391,961
Retained earnings		254,002,062	222,904,565	249,827,277	218,769,118
Total equity		262,058,834	230,961,337	259,219,238	228,161,079
Liabilities					
Non-current liabilities					
Deferred tax liabilities	12d	22,306,746	33,776,943	22,306,746	33,776,943
Borrowings	18	1,377,286	3,475,257	1,377,286	3,475,257
Lease liabilities	14b	32,650	32,678	32,650	32,678
Government grants	20	70,211	206,665	70,211	206,665
Deposit for shares	24b	-	32,243,723	-	32,243,723
Total non-current liabilities		23,786,893	69,735,266	23,786,893	69,735,266
Current liabilities					
Contract liabilities	5b	68,950,583	47,139,328	68,950,583	47,139,328
Current income tax payable	12c	15,819,889	8,323,257	15,819,889	8,323,257
Lease liabilities	14b	5,073	5,073	5,073	5,073
Bank overdraft	17	573,475	4,490,873	573,475	4,490,873
Borrowings	18	649,699,556	208,195,755	649,699,556	208,195,755
Due to related parties	24b	-	-	137,765,997	73,094,348
Trade and other payables	19	49,475,977	38,325,101	31,400,551	23,093,888
Government grants	20	69,882	48,635	69,882	48,635
Total current liabilities		784,594,135	306,528,022	904,284,706	364,391,157
Total liabilities		808,381,028	376,263,288	928,071,599	434,126,423
Total equity and liabilities		1,070,439,862	607,224,625	1,187,290,837	662,287,502

The accompanying notes on pages 28 to 69 are an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 23 to 72 were approved and authorised for issue by the Board of Directors on 28 March 2024 and were signed on its behalf by:

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

Abdulasheed Adebayo Olayiwola
Executive Director and the Chief Financial Officer
FRC/2014/ICAN/00000010408

Ayodele Musibau Abioye
Managing Director
FRC/2022/PRO/FORMC07/003/00000023864

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/>