



EARNING PRESS RELEASE

Regulated Information

Revenue growth of 20.2% to ₦289.8 billion for 9M 2022, Profit After Tax grows by 17.2%

Lagos, 3rd November 2022 – BUA Foods Plc (“BUA Foods”, or “the Company”) announced its results for the period ended 30 September 2022.

Key Financial Highlights

In thousands of naira	Group			Company		
	9M 2022	9M 2021	Δ	9M 2022	9M 2021	Δ
Revenue	289,819,825	241,078,629	20.2%	221,650,393	166,001,829	33.5%
Cost of Sales	195,641,326	158,825,185	23.2%	159,203,255	109,825,155	45.0%
Gross Profit	94,178,499	82,253,444	14.5%	62,447,138	56,176,674	11.2%
Gross Margin (%)	32.5	34.1	-4.7%	28.2	33.8	-16.6%
Selling and distribution expenses	10,353,073	7,824,500	32.3%	9,123,930	5,498,228	65.9%
Administrative expenses	4,488,851	5,497,224	-18.3%	3,290,455	4,486,216	-26.7%
Total operating expenses	14,841,924	13,321,724	11.4%	12,414,385	9,984,444	24.3%
Cost to Income (%)	72.63	71.41	1.7%	77.41	72.11	7.3%
Operating Profit	79,336,575	68,931,720	15.1%	50,032,753	46,192,230	8.3%
Operating profit margin (%)	27%	29%	-6.9%	22.6	27.9	-19%
Other income	1,327,858	1,162,522	14.2%	1,325,604	1,161,498	14.1%
Finance charges	6,396,131	6,513,947	-1.8%	6,152,429	5,833,390	5.5%
Profit before income tax	74,268,302	63,580,295	16.8%	45,205,928	41,520,338	8.9%
PBT Margin (%)	25.6%	26.4%	-2.8%	20.4%	25.0%	-18.5%
Income Taxes	5,507,047	4,895,260	12.5%	5,507,047	4,895,260	12.5%
Effective tax rate (%)	7.4%	7.7%	-3.7%	12.2%	11.8%	3.3%
Profit for the period	68,761,255	58,685,036	17.2%	39,698,880	36,625,077	8.4%
Earnings Per share (Kobo)	3.82	3.26	17.2%	2.21	2.01	10.0%
Return on Equity (%)	140.00	120.00	16.7	125.00	83.00	50.6
Return on Assets (%)	46.00	41.00	12.2	38.00	28.00	35.8
Total assets	630,397,972	593,469,515	6.2%	591,022,396	582,673,898	1.4%
Total equity	206,479,925	200,718,673	2.9%	177,291,684	200,592,804	-11.6%
Total liabilities	423,918,046	392,750,842	7.9%	413,730,711	382,081,094	8.3%

Commenting on the results, Engr. Ayodele Abioye, the Managing Director said, “We continue to navigate the high input cost environment to deliver double digit growth within the period. We grew *revenue* by 20.2%, *profit before tax* by 16.9% and *earnings per share* by 17.2%.

We are making progress with the recommencement of the rice business before year end 2022 to further diversify our revenue base. In addition, we are making progress with the backward integration plans for the sugar business and our capacity expansion plans for the flour, rice, and pasta divisions."

Group performance and financial review

Revenue grew by 20.2% y-o-y to ₦289.8 billion in 9M 2022 (9M 2021: ₦241.1 billion). This was due to a y-o-y increase of 17.0% in Sugar to ₦180.9 billion (9M 2021: ₦154.7 billion), 37% in Flour to ₦66.2 billion (9M 2021: ₦48.1 billion), and 12.0% in Pasta to ₦42.7 billion (9M 2021: ₦38.2 billion).

Growth in **cost of sales** (+23.2%) to ₦195.6 billion in 9M 2022 (9M 2021: ₦158.8 billion) was driven by an increase in raw materials cost (+26.7% y-o-y; 88.7% of cost of sales). Energy cost only decline marginally (6.2% y-o-y; 4.3% of cost of sales). 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 14.5% to ₦94.2 billion in 9M 2022 (9M 2021: ₦82.2 billion) although gross profit margin deteriorated by 160bps to 32.5% in 9M 2022 (9M 2021: 34.1%) due to the increase in input costs.

Selling and distribution expenses increase by 32.3% to ₦10.4 billion in 9M 2022 (9M 2021: ₦7.8 billion) due to huge increase in cost of diesel within the period.

Administrative expenses also declined by 18.3% to ₦4.4 billion in 9M 2022 (9M 2021: ₦5.5 billion) driven majorly by the decrease in general expenses (-61.4%) to ₦885 million in 9M 2022 (9M 2021: ₦2.2 billion) and Maintenance & Repairs (-31.4%) to ₦723.7 million in 9M 2022 (9M 2021: ₦1.1 billion).

Total operating expenses increased by 11.4% to ₦14.8 billion in 9M 2022 (9M 2021: ₦13.3 billion) increase in selling and distribution cost along the supply chain to customers

EBITDA increased by 2% to ₦86.4 billion in 9M 2022 (9M 2021: ₦84.6 billion), driven by growth in gross profit. EBITDA margin deteriorated by 520bps to 29.8% in 9M 2022 (9M 2021: 35%).

Operating profit grew by 15.1% to ₦79.3 billion in 9M 2022 (9M 2021: ₦68.9 billion) benefitting from top line growth coupled with lower administrative expenses. Operating profit margin decline marginally by 400bps to 27% in 9M 2022 (9M 2021: 28.0%).

Finance charges drop marginally by 1.8% to ₦6.4 billion in 9M 2022 (9M 2021: ₦6.5 billion) due to efficient funding mix along business transaction.

Profit before tax increased by 16.8% to ₦74.2 billion in 9M 2022 (9M 2021: ₦63.5 billion) although profit before tax margin decline by 80bps to 25.6% in 9M 2022 (9M 2021: 26.4%) due to increase in sales and distribution expenses.

Profit after tax increased by 17.2% to ₦68.7 billion in 9M 2022 (9M 2021: ₦58.6 billion) benefitting from a lower effective tax rate of 7.4% in 9M 2022 (9M 2021: 7.73%), while the Earning per Share (EPS) grew by 17.2% to N3.83 in 9M 2022 from N3.26 in the corresponding period.

Operating segment performance

Sugar division

The Sugar division contributed 62.4% to revenue in 9M 2022 (9M 2021: 64.2%). Sugar **Revenue** grew by 17.0% to ₦180.9 billion in 9M 2022 (9M 2021: ₦154.7 billion). This was driven by price adjustments and export sales within the period. Volume sold declined by 8.2% to 418,329 tons within the period (9M 2021: 453,773 tons). The decline in production is attributable to energy disruptions within the period. Non-fortified sugar and molasses delivered good growth from elevated demand in the period. Non-fortified sugar grew by 58.1% (53.4% of sugar sales) with revenue of ₦96.6 billion in 9M 2022 (9M 2021: ₦61.1 billion). Molasses contributed 0.4% to revenue in 9M 2022 (+99% y-o-y). Revenue from fortified (46.3% of sugar sales) declined by 10.3% to ₦83.7 billion in 9M 2022 (9M 2021: ₦93.3 billion).

EBITDA was up by 3.6% to ₦55.1 billion in 9M 2022 (9M 2021: ₦53.2 billion). EBITDA margin was marginally the same at 30.5% with the comparable period.

Operating profit increased by 18% to ₦51.9 billion in 9M 2022 (9M 2021: ₦44 billion) due to increase in selling price. Operating profit margin deep slightly by 30bps to 28.7% in 9M 2022 (9M 2021: 29.0%).

Profit after tax grew by 38.1% to ₦45.9 billion in 9M 2022 (9M 2021: ₦33.3 billion) while profit after tax margin appreciated by 340bps to 25.4% in 9M 2022 (9M 2021: 22.0%).

Net Profit before Tax Margins grew to 26% from 25% achieved in the same period in 2021.

Flour division

The Flour division contributed 22.8% to revenue in 9M 2022 (9M 2021: 19.9%). **Revenue** increased by 38.0% to ₦66.2 billion in 9M 2022 (9M 2021: ₦48.1 billion). This was driven by adjustments in pricing as volume sold declined by 8% to 138,894 tons within the period (9M 2021: 151,557 tons). The decline in production is attributable to energy challenges in Q2 2022. Revenue from bakery flour (93.8% of flour sales) increased by 40.6% to ₦62.1 billion in 9M 2022 (9M 2021: ₦44.1 billion) while wheat bran (6.2% of flour sales) also grew marginally by 3.3% to ₦4.1 billion in 9M 2022 (9M 2021: ₦3.9 billion). The contribution margins increased to 27% from 21% for the same period last year due to higher selling price.

EBITDA was up by 52% to ₦15.5 billion in 9M 2022 (9M 2021: ₦10.2 billion). EBITDA margin grew by 240bps to 23.6% in 9M 2022 (9M 2021: 21.2%).

Operating profit increased significantly by 87.0% to ₦13.7 billion in 9M 2022 (9M 2021: ₦7.3 billion) due to product price adjustment. Operating profit margin improved by 560bps to 20.9% in 9M 2022 (9M 2021: 15.3%).

Profit after tax appreciated by 30.9% to ₦13.5 billion in 9M 2022 (9M 2021: ₦10.3 billion) while profit after tax margin decline slightly to 20.5% in 9M 2022 (9M 2021: 21.5%).

Net Profit before Tax Margins increase to 21% from 15% for the same period last year.

Pasta division

The Pasta division contributed 14.7% to revenue in 9M 2022 (9M 2021: 15.8%). Revenue increased by 12% to ₦42.7 billion in 9M 2022 (9M 2021: ₦38.1 billion). This was driven by adjustments in pricing as volume sold declined by 13.0% to 87,648 tons (9M 2021: 100,320 tons) within the period. The decline in production is attributable to energy challenges in Q2 2022.

EBITDA drop by 26.3% to ₦15.7billion in 9M 2022 (9M 2021: ₦21.3 billion). EBITDA margin declined to 36.8% in 9M 2022 (9M 2021: 55.9%).

Operating profit declined by 17.7% to ₦14.4billion in 9M 2022 (9M 2021: ₦17.5billion) while operating profit margin declined by 1,230bps to 33.9% in 9M 2022 (9M 2021: 46.2%).

Profit after tax declined by 33% to ₦10.1billion in 9M 2022 (9M 2021: ₦15.0billion) while profit after tax margin declined by 1,590bps to 23.7% in 9M 2022 (9M 2021: 39.6%).

Net Profit before Tax Margins of 34% was recorded in comparison to 46% in the same period in 2021.

Review of statement of financial position

Total assets increased by 6.3% to ₦630.4 billion as of 9M 2022 (FY 2021: ₦593.5 billion) driven largely by growth in trade and other receivables (+121%; 18.3% of total assets), due from related companies (-28.7%; 18.5% of total assets), and property, plant and equipment grew marginally because of the additions to machineries to increase capacity. The increase in cash and short-term deposits was due to advance payment for goods.

Net cash from operating activities grew by 437.8% to ₦103.7 billion as at 9M 2022 (9M 2021: ₦23.7 billion) due to changes in dues from related companies, changes in contract liabilities as well as inventory.

Net cash from financing activities was ₦93.7 billion in 9M 2022 (9M 2021: ₦27 billion) due to additional proceeds from borrowings of ₦35.2 billion, repayment of borrowings of ₦67.5 billion in 9M 2022 (9M 2021: ₦31.9 billion) and finance cost paid.

Total liabilities grew by 8% to ₦423.9 billion as of 9M 2022 (FY 2021: ₦392.8 billion). This was driven mainly by a increase in contract liabilities (+46.5%: 14.2% of total liabilities). Trade and other payables which account for 14.7% of total liabilities increased by 61.8% to ₦62 billion as of 9M 2022 (FY 2021: ₦38.3 billion) and bank overdraft increased by 284.1% (2.6% of total liabilities).

Total equity increased by 2.9% to ₦206.5 billion as of 9M 2022 (FY 2021: ₦200.7 billion) mainly due to a marginal growth of 3.0% in retained earnings to ₦198.4 billion as of 9M 2022 (FY 2021: ₦192.7 billion).

Outlook

Recent environmental disruptions such as flooding impacting on logistics efficiencies, energy cost, rising input cost, coupled with rising FX concerns and tightening stance of the Central Bank of Nigeria which further interest rate by another 100bps to 15.5% are all core mitigating areas for us.

We expect optimizing our supply value chain as we strive to increase market share across market regions. Furthermore, our rice division recommencement is on course as we continue to nourish lives and increase market reach. Our retail strategy remains a priority for us in the near term, while we drive to sustain the upward momentum of our export market strategy. We remain committed to reducing Africa insecurity issues while nourishing lives.

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BUA Foods Plc – 9M 2022 Unaudited Results**NGX Ticker: BUAFOODS; Bloomberg Ticker: BUAFOODS NL; Reuters: BUAFOODS.LG**Consolidated and separate statements of profit or loss and other comprehensive income
For the 9M period ended 30 September 2022

	Unaudited	Unaudited	Unaudited	Unaudited
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
	₦'000	₦'000	₦'000	₦'000
	Group	Group	Company	Company
Turnover	120,467,093	86,509,497	86,450,747	58,427,912
Cost of Sales	79,393,637	59,949,550	62,527,805	39,533,529
Gross Profit	41,073,456	26,559,947	23,922,942	18,894,383
Administrative expenses	1,894,813	1,467,702	1,449,595	1,301,074
Selling & distribution expenses	5,479,305	3,324,889	4,750,793	2,417,094
Operating Profit	33,699,338	21,767,356	17,722,554	15,176,216
Other income	432,620	388,416	431,699	387,930
Finance Charges	2,251,224	2,334,404	2,149,070	1,991,451
Net Profit/(Loss) Before Tax	31,880,734	19,821,368	16,005,182	13,572,695
Income Taxes	1,835,682	1,631,753	1,835,682	1,631,753
Net Profit After Tax	30,045,052	18,189,615	14,169,500	11,940,942
EPS	1.67	1.01	0.79	0.66

Consolidated and separate statements of financial position
As of 30 September 2022

	Unaudited YTD 30TH SEPT 2022	Audited YTD 31ST DEC 2021	Unaudited YTD 30TH SEPT 2022	Audited YTD 31ST DEC 2021
Assets	₦'000	₦'000	₦'000	₦'000
Non-current assets	Group	Group	Company	Company
Property, Plant and Equipments	323,623,825	321,675,653	247,797,753	248,630,430
Right of Use Assets	282,490	1,036,460	31,377	32,008
Biological assets	676,550	543,901	-	-
Investment in subsidiaries	-	-	407,670	407,670
Total Non-Current Assets	324,582,866	323,256,014	248,236,800	249,070,108
Current Assets				
Inventories	33,146,986	24,926,471	21,224,203	15,249,639
Trade and other receivables	115,244,324	52,160,076	115,082,603	52,142,637
Due from Related Companies	116,000,307	162,788,169	165,081,639	235,897,154
Cash and Short Term Deposits	41,423,488	30,338,785	41,397,151	30,314,360
Total Current Assets	305,815,106	270,213,501	342,785,596	333,603,790
Total Assets	630,397,972	593,469,515	591,022,396	582,673,898
Liabilities and Equity				
Equity				
Share Capital	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	198,423,153	192,661,901	167,899,723	191,200,843
Total Equity	206,479,925	200,718,673	177,291,684	200,592,804
Liabilities				
Non-current liabilities				
Deferred Tax Liabilities	15,225,187	15,225,186	15,225,187	15,225,186
Borrowings	3,707,768	4,889,870	3,707,768	4,889,870
Lease Liabilities	33,571	33,611	33,571	33,611
Deposit for Shares	32,243,723	32,243,723	32,243,723	32,243,723
Total Non-Current Liabilities	51,210,249	52,392,390	51,210,249	52,392,390
Current Liabilities				
Contract Liabilities	59,957,258	40,931,459	59,957,258	40,931,459
Current Income Tax Liabilities	17,179,348	12,778,745	17,179,348	12,778,745
Lease Liabilities	1,457,640	4,292,441	4,187	4,165
Bank Overdraft	10,950,136	2,851,413	10,950,136	2,851,413
Borrowings	221,147,457	241,159,110	221,147,457	241,159,110
Trade and Other Payables	62,015,959	38,345,284	53,282,077	31,963,812
Total Current Liabilities	372,707,797	340,358,452	362,520,463	329,688,704
Total Liabilities	423,918,046	392,750,842	413,730,711	382,081,094
Total Liabilities and Equity	630,397,972	593,469,515	591,022,396	582,673,898

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.

Quick ratio is defined as current assets minus inventories reported to current liabilities.

Current ratio is defined as current assets reported to current liabilities.

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/>

Disclaimer

This announcement contains or will contain forward-looking statements which reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend" "estimate", "project", "target", "risks", "goals" and similar terms and phrases have been used to identify the forward- looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. BUA Foods Plc cautions readers that several factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully, and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Company's disclosure materials filed from time to time with the Securities & Exchange Commission in Nigeria. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise.