

## BUAFOODS PLC

BLOOMBERG: BUAFOODS NL

### Operating income drives PAT expansion

In its Q1'26 unaudited financials, BUAFOODS PLC (NGX: BUAFOODS, TP: UR\*) reported a 13.6% YoY increase in PAT to N142.3 billion. This performance was driven by the 11.3% YoY increase in core operating income and a 70.3% YoY decline in net finance costs during the review period.

Revenue for the period declined by 10.7%YoY to N394.6 billion (vs N442.1 billion in Q1'25), driven by a moderation in sales volumes across select product segments. Specifically, the company saw reduced turnover for the Sugar (Fortified: -17.4% YoY, Non-fortified: 23.7% YoY) and Bakery Flour (-21.6% YoY) product segments. This slowdown masked the sales increase seen in the Pasta (+70.0% YoY) and Rice (Head rice and rice bran) segments. Overall, revenue from the Sugar segment settled at N171.4 billion (43.4% of total revenue), bakery flour at N128.0 billion (32.4% of total revenue), Pasta at N70.6 billion (17.9% of total revenue), and rice at N14.9 billion (+24.9% YoY, 3.8% of total revenue).

Elsewhere, the cost of sales declined by 22.1% YoY, given reduced sales volumes and improved cost efficiency. Raw material and energy costs declined by 25.2% YoY and 1.1% YoY to N194.1 billion and N15.1 billion, respectively. As a result, the gross margin improved to 44.5% (vs 36.4% in Q1'25).

In terms of OPEX, the 48.6% YoY decline in administrative expenses to N5.8 billion led to a 3.6% YoY contraction in operating expenses. Meanwhile, other income grew by 43.7% YoY to N596.3 million. Overall, operating income grew by 11.3% YoY to N154.7 billion (vs 138.9 billion in Q1'25), while EBIT margin settled at 39.2% (vs 31.4% in Q1'25).

Net finance costs declined significantly by 70.3% YoY to N899.8 billion, following a 97.0% YoY decline in interest charges paid on loans. This was able to mask the impact of weaker finance income (-80.6% YoY to N144.2 billion) during the period. BUAFOODS also reported foreign exchange loss amounting to N544.1 billion (vs FX gain of N485.7 billion in Q1'25). Nonetheless, PBT expanded by 12.7% YoY to N153.8 billion, and PBT margin at 39.0% (vs 30.9% in Q1'25).

BUAFOODS' tax expense increased by 3.0% YoY to N11.4 billion, translating to an effective tax rate of 7.4%. This led to a PAT of N142.3 billion (+13.6% YoY) and an EPS of N7.91 (+13.6% YoY).

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**Q1'26 Earnings breakdown**

<b>Income Statement, N'million</b>	<b>Q1'26</b>	<b>Q1'25</b>	<b>YoY</b>	<b>FY'26E</b>	<b>% of FY'26E</b>
<b>Revenue</b>	<b>394,620</b>	<b>442,065</b>	<b>-10.7%</b>	<b>2,142,872</b>	<b>18.4%</b>
COGS	(218,971)	(281,158)	-22.1%	(1,339,295)	16.3%
<b>Gross Profit</b>	<b>175,649</b>	<b>160,907</b>	<b>9.2%</b>	<b>803,577</b>	<b>21.9%</b>
Other Income	596	415	43.7%	585	101.9%
OPEX	(21,588)	(22,393)	-3.6%	(98,033)	22.0%
<b>EBIT</b>	<b>154,657</b>	<b>138,929</b>	<b>11.3%</b>	<b>706,129</b>	<b>21.9%</b>
Net Finance Costs	(900)	(3,027)	-70.3%	(19,159)	4.7%
Foreign Exchange Gain	-	486	NM	-	NM
<b>PBT</b>	<b>153,757</b>	<b>136,388</b>	<b>12.7%</b>	<b>686,970</b>	<b>22.4%</b>
Tax	(11,441)	(11,107)	3.0%	(38,646)	29.6%
<b>Net Income</b>	<b>142,317</b>	<b>125,281</b>	<b>13.6%</b>	<b>648,324</b>	<b>22.0%</b>
EPS (Naira)	7.91	6.96	13.6%	36.02	22.0%
<b>Ratios</b>	<b>Q1'26</b>	<b>Q1'25</b>		<b>FY'26E</b>	
Gross Margin	44.5%	36.4%		37.5%	
EBIT Margin	39.2%	31.4%		33.0%	
PBT Margin	39.0%	30.9%		32.1%	
Effective tax rate	7.4%	8.1%		5.6%	
Net Profit Margin	36.1%	28.3%		30.3%	
Return on Assets (ROAA)	38.7%	44.8%			
Return on Equity (ROAE)	72.6%	101.9%			
P/E	33.6x				
4-year average PE	28.7x				
EV/EBITDA	26.7x				
4-year average EV/EBITDA	19.3x				

Source: S&amp;P CapitalIQ, Company financials, CardinalStone Research

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