



# Flour Mills of Nigeria Plc

Presentation of Results for the Full Year to 31<sup>st</sup> March 2018



**Evolving from a single flour mill in the port of Apapa more than five decades ago, we are now a publicly traded, vertically integrated supply chain of food, agro-allied and logistics support businesses**

- Over eleven thousand full and part-time employees
- Steering the green revolution in Nigeria
- Using locally sourced materials to develop and produce unique consumer products
- Reducing dependence on imported raw materials
- Creating value for businesses, consumers and the country at large

**Our Vision**  
To be the leading food and agro-allied group in Africa

**Our Mission**  
To produce and supply products of superior quality and value to the market, thereby enriching the lives of consumers, customers, communities employees and all stakeholders

**Our Goals**  
To be a customer-centric company

Our Brands		
FOODS	AGRO – ALLIED	LOGISTICS & SUPPORT
 	 	
 	 	
		

# Strategic Divisions



- The Flour Mills of Nigeria Group has the following five strategic divisions, which are its reportable segments.
- These divisions offer different products and services, and are managed separately because they require different operational and marketing strategies.
- Inter-segment pricing is determined on an arm's length basis.

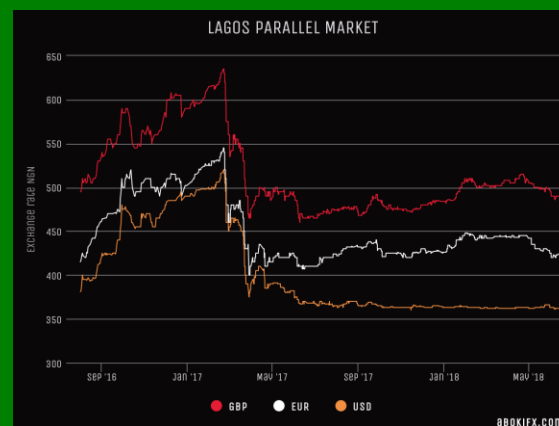
Strategic Division	
<b>Foods</b>	Production and sales of flour, pasta, noodles, snacks, and sugar
<b>Agro-allied</b>	Farming of maize, cassava, soya, sugar cane and palm oil. Production and sales of fertilizer, edible oils (margarine) and livestock feeds.
<b>Packaging</b>	Manufacturing and marketing of laminated woven polypropylene sacks and flexible packaging materials
<b>Port Operations &amp; Logistics</b>	Port terminal operations, customs clearing and forwarding, shipping and haulage services
<b>Real Estate</b>	Leasing of investment property

## Economy

- Nigeria's real GDP grew by 1.95% in Q1 2018, compared to -0.91% in Q1 2017
- The Purchasing Managers Index (PMI) stood at 56.9 points in April 2018, indicating expansion in the manufacturing sector for the thirteenth consecutive month
- The CBN retained the benchmark lending rate at 14%
- The Economic Community of West African States (ECOWAS) is forecasting growth of 2.1% for Nigeria in 2018, compared to 1.6% in 2017
- Inflation rate declining

## Currency

- The Naira has remained steady against the US Dollar. The gap between the official and parallel market rates has also remained stable
- The government has entered into a N720bn currency swap deal with China





## FULL YEAR 2017-2018

**12.7%**

GROSS PROFIT  
MARGIN

**16.5N BN**

PROFIT BEFORE TAX

**3.5%**

TURNOVER GROWTH  
YEAR ON YEAR

TURNOVER

**542.7N BN**

**8.9%**

OPERATING PROFIT  
MARGIN

**483kobo**

EARNINGS PER SHARE

# Period Underlying Group Results



Naira 000	12 M to 31.3.18	12 M to 31.3.17	%
Revenue	542,670,409	524,464,448	3.5
Cost of sales	(473,895,352)	(457,775,380)	3.5
<b>Gross profit</b>	<b>68,775,057</b>	<b>66,689,068</b>	3.1
Selling and distribution expenses	(6,180,092)	(5,341,148)	15.7
Administrative expenses	(20,115,372)	(18,419,807)	9.2
Net operating gains and losses	5,943,332	(1,488,216)	n/a
<b>Operating profit</b>	<b>48,422,925</b>	<b>41,439,897</b>	16.9
Investment income	816,319	1,562,304	-47.7
Finance costs	(32,697,477)	(32,529,354)	0.5
<b>Profit before taxation</b>	<b>16,541,767</b>	<b>10,472,847</b>	57.9
Net income tax (expense)/credit	(2,925,993)	(1,636,395)	78.8
<b>Profit for the year</b>	<b>13,615,774</b>	<b>8,836,452</b>	54.1

- Revenue increase related to volume and product mix.
- Selling and distribution increase mostly from direct selling expense and advertising.
- Administrative expense: increase mostly from cost of payroll and general maintenance.
- Net operating gains: from FX gains. Recognition of deferred income from below market rate and government loans
- Decrease in interest rate fell as from last quarter only. Impact of right issues and lower interest rate will positively impact coming financial year.
- Increase in taxes reflect both over exiting period of tax exemption for various investment, partly offset by deferred tax assets.
- EPS for the period amount to 483 kobo versus 303 pervious year

# Period Revenues by Segment



Naira 000	FY to 31.3.18	FY to 31.3.17	% Change
Foods	431,889,637	422,709,578	2.2
Agro-allied	90,683,962	80,514,710	12.6
Packaging	18,705,595	20,693,495	-9.6
Port Operations & Logistics	1,201,140	414,439	189.8
Real Estate	190,075	132,226	43.8
<b>TOTAL</b>	<b>542,670,409</b>	<b>524,464,448</b>	<b>3.5</b>

- Food remain the main segment.
- Agro – allied revenue coming mainly from livestock feed and fertilizer.

# Period Gross Profit by Segment



Naira 000	FY to 31.3.18	FY to 31.3.17	% Change
Foods	58,273,472	57,725,153	0.9
Agro-allied	1,094,393	6,794,611	-83.9
Packaging	5,638,093	2,328,470	142.1
Port Operations & Logistics	3,878,638	46,633	8217.4
Real Estate	-109,539	-205,799	n/a
<b>TOTAL</b>	<b>68,775,057</b>	<b>66,689,068</b>	<b>3.1</b>

- Food: we have been able to maintain our margin
- Agro – allied: Losses incurred related to Sunti sugar cane plantation as well as ROM Oil, Management is expecting improved result in the coming year



# Period Statement of Financial Position



Naira M	FY to 31.3.18	FY to 31.3.17	% Change
Non-Current Assets	234,102	227,720	2.8
Current Assets	174,246	254,883	-31.6
<b>Total Assets</b>	<b>408,348</b>	<b>482,603</b>	<b>-15.4</b>
Non-Current Liabilities	57,943	72,562	-20.1
Current Liabilities	199,788	307,497	-35.0
Shareholder's Equity	150,617	102,544	46.9

- Non- Current Assets: CAPEX mostly financed by depreciation. Increase also due to higher deferred taxes.
- Current Assets: Reduction due mostly to inventory, prepayment and deposit for imports.
- Current Liabilities: Reimbursement of bank debts and lower trade payable

# Period Cash Flow



Naira 000	FY to 31.3.18	FY to 31.3.17
Net Cash from Operating Activities	81,130,466	(13,490,224)
Net Cash used in Investing Activities	(17,831,980)	(19,283,518)
Net Cash generated from Financing Activities	(56,981,850)	11,968,376
Net Cash Flow	6,316,636	(20,805,366)

- ❖ Net cash flow from operating activities: improvement due to reduction in prepayment and deposit for import (NGN 48bn), and improvement in working capital management.
- ❖ Net cash used in investing activities: CAPEX for NGN 21.3bn, as well as sale of various equipment (NGN 2.7bn).
- ❖ Net cash from financing activities reflects both our right issues as well as reimbursement of various loans.



- We have successfully completed our NGN 39.2bn rights issue program which is reflected in our financial accounts.
- The Sunti Golden Sugar Estate was commissioned on the 13th of March 2018 by his Excellency Muhammadu Buhari, the President of the Federal Republic of Nigeria. Located on the banks of River Niger, in Mokwa, Niger state, the sugar estate features 17, 000 hectares of irrigable farmland and a Sugar mill that can process 4,500 metric tons of sugarcane per day. At full capacity, the estate is expected to produce 1 Million tons of sugarcane which roughly translates into 100,000 metric tons of sugar annually.
- In the area of agriculture, we have been able to consolidate our position with a firm commitment by aligning with the agricultural promotion policies where we operate both in the federal and state level. We have also critically looked into our investment in our backward integration initiatives and have reaffirmed our commitment towards future profitable growth by recapitalizing various subsidiaries and impairing at company level part of our investment in Kaboji farm which was our first agricultural investment that turned out to be our centre of excellence for seed and best agriculture practice in maize and soya bean.
- The Company has announced a strategic partnership with Corteva Agriscience™, Agriculture Division of DowDuPont. The collaboration will see FMN and Corteva Agriscience™ working together on key aspects of the maize value chain in Nigeria, with a focus on promoting modern farming techniques and practices, capacity development and knowledge transfer for the local production and use of improved and quality inputs, including seeds and crop protection.

## **DISCLAIMER**

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