



## FLOUR MILLS OF NIGERIA PLC

# FLOUR MILLS GROUP REPORTS RECORD REVENUE OF N542.7 BILLION

Lagos, Nigeria; July 03, 2018.

Flour Mills of Nigeria Plc (“Flour Mills of Nigeria” or “FMN”), the market leader in food and agro-allied products in Nigeria, today announced its audited 2017 Financial Results with Group revenue increasing to an all-time high of N542.7 billion.

### Key Highlights

- Group Revenue: N542 billion, compared to N524 billion in 2017 (3.5% Year on Year growth)
- Group Operating profit: N48 billion, compared to N41 billion in 2017 (16.9% Year on Year growth)
- Group Profit Before Tax: N16.4 billion, compared to N10.4 billion in 2017 (58% Year on Year growth)
- Group Profit After Tax: N13.6 billion, compared to N8.8 billion, in 2017 (54.1% Year on Year growth)
- The Company, Flour Mills of Nigeria Plc recorded a revenue of N389billion, compared to N375billion in 2017 (4% year on Year growth)

### Key Operational highlights

- Our Food business has performed in line with our objectives on both top and bottom lines.
- The results of our agro-allied businesses reflect a combination of both profitable and growing businesses (feed, fertilizer), while our latest entry into

this category are yet to fully deliver according to our expectations including sugar, with our local backward integration program in Sunti, as well as our edible oil business.

- BAGCO, our packaging material business, recorded very good results, maintaining its leadership position in its product categories.

Paul Gbededo, Group Managing Director, Comments: "Our 2017, year end result, shows a remarkable growth in the Group's revenue of N542 billion, which represents an impressive 3.5% year on year growth. This was achieved through a combination of resilience in the face of a challenging environment, volume growth and product mix from our food and agro-allied businesses. The results are a clear indication that our efforts to continually push for improved efficiency and synergy in the Group, are yielding the expected results".

In the agricultural space, we have continued to consolidate our position, with a firm commitment to lead in this space while aligning with the agricultural promotion policies in the federal and state level where we operate. We are critically looking into our investments in our backward integration initiatives and have confirmed our commitments towards future profitable growth by recapitalizing various subsidiaries. We are also impairing at company level, part of our investment in Kaboji Farm, our first agricultural investment which has now become our center of excellence for seed and best agricultural practices in maize and soybean.

In his comments the Chief Financial Officer, Mr. Jacques Vauthier, stated that the Group had also decided to accelerate the depreciation period of some support services assets, resulting in a onetime expense of N1.2 billion. In spite of these one-time exceptional expenses, and initial losses in some of our early stage agro-allied businesses, our Group still recorded a Profit Before Tax of N16.4 billion, confirming our commitment towards cost controls and increasing our margins.

"In an effort to strengthen the company's capital base, deleverage our balance sheet, and support our working capital needs, we embarked on, and have completed a Rights Issue program during the past months. With the successful completion of the Rights Issue program, we have now positioned the Company to exploit value-accretive opportunities, whilst giving greater operational and financial flexibility to ensure business growth and continuity".

We have also taken various actions towards reducing our financial expenses, including a commercial paper program. Our focused, but limited investments in capital

expenditure as well as tight control over our working capital has helped us to manage our financing costs with a view to a material reduction in the coming year.

With this result, we remain focused on our commitment to continually create value for our customers, consumers and all key stakeholders, in furtherance of our core strategic focus of 'Feeding the Nation, everyday.'

**UMOLU, JOSEPH A. O.**  
**COMPANY SECRETARY / DIRECTOR, LEGAL SERVICES**