



Flour Mills of Nigeria Plc

Presentation of Results for the Six Months to 30th September 2018



Economy

- September inflation came in at 11.28% year-on-year, little changed compared to August's 11.23%, coming mostly from increase in food prices.

Currency and money market

- Helped by a firm oil price, the Naira has remained broadly stable against the US\$ over the last three months.
- Continuous stable local interest rates.

Period Underlying Group Results



Naira 000	H1 to 30.09.18	H1 to 30.09.17	% Change
Revenue	269,737,155	298,443,047	-9.6
Cost of sales	(237,617,545)	(262,929,901)	-9.6
Gross profit	32,119,610	35,513,146	-9.6
Selling and distribution expenses	(4,125,473)	(2,766,250)	49.1
Administrative expenses	(9,851,516)	(8,351,889)	18.0
Net operating gains and losses	1,100,002	5,076,326	-78.3
Operating profit	19,242,623	29,471,333	-34.7
Investment income	288,882	273,287	5.7
Finance costs	(11,229,385)	(16,267,160)	-31.0
Profit before taxation	8,302,120	13,477,460	-38.4
Net income tax (expense)/credit	(3,232,679)	(4,121,723)	-21.6
Profit for the year	5,069,441	9,355,737	-45.8

- Increase in volume in some product categories partly offset by some reduction in selling prices in various product categories.
- Strong Q2 sales focus enabled us to increase our market share and further strengthen our market leadership position. Margins on various product categories were reduced due to increased competition
- Both selling and distribution expenses, as well as other overheads well within objectives, and reflecting the increased marketing spend.
- Finance cost; Q2 has again shown a reduction of our expense, following our refining of debts through our Right Issue as well as lower commercial interest rate.

Period Revenues by Segment



Naira 000	H1 to 30.09.18	H1 to 30.09.17	% Change
Food	173,503,328	186,758,434	-7.1
Agro-Allied	47,017,172	54,722,555	-14.1
Sugar Value Chain	39,041,295	46,450,246	-16.0
Support Services	10,175,360	10,511,812	-3.2
TOTAL	269,737,155	298,443,047	-9.6

- We initiate reporting of segmental performance based on the Company's four key business pillars
 - This will allow for a better illustration of developments in our Sugar Value Chain, which includes the cultivation, processing, refining and selling of sugar
 - The Food business pillar now consists of flour milling and the production of pasta and noodles
 - The Agro-Allied pillar includes livestock feed production, fertilisers, edible oil and other farming activities
 - Support Services includes the packaging division, port operations, logistics and real estate
 - Sugar value chain comprise of both upstream and downstream investments.
- Reduction in revenue on various product categories mostly as a result of our strategy to focus on maintaining our market leadership, which resulted in slightly lower margins.
 - Increased competition in animal feed segment
 - Edible oil business improving, but yet to fully deliver on our growth objective.

Period Gross Profit by Segment



Naira 000	H1 to 30.09.18	H1 to 30.09.17	% Change
Food	8,776,724	10,125,355	-13.3
Agro-Allied	-2,884,844	-2,541,774	n/a
Sugar Value Chain	2,382,060	3,168,831	-24.8
Support Services	28,180	2,725,048	-99.0
TOTAL	8,302,120	13,477,460	-38.4

- Food: Lower margins as a result of volume mix and more promotional activities.
- Agro- Allied: Margins still impacted by our edible oil business which are however improving.
- We put increase focus on our animal feed business in order to improve its profitability.

Period Statement of Financial Position



Naira M	30.09.18	31.3.18 (YE)	% Change
Non-Current Assets	233,901	234,102	-0.1
Current Assets	174,813	174,246	0.3
Total Assets	408,714	408,348	0.1
Non-Current Liabilities	76,665	57,943	32.3
Current Liabilities	180,483	199,788	-9.7
Shareholder's Equity	151,566	150,617	0.6

- Net debts remain stable
- No major CAPEX during the period

Period Cash Flow



Naira 000	H1 to 30.09.18	H1 to 30.09.17	% Change
Net Cash from Operating Activities	39,748,777	69,568,939	-42.9
Net Cash used in Investing Activities	8,507,969	6,505,904	30.8
Net Cash generated from Financing Activities	(8,190,199)	(65,697,812)	n/a
Net Cash Flow	25,361,936	(6,640,086)	n/a

- Net cash flow improved (vs last year) mostly due to lower financing cost as well as restructuring of debts profile.



- We have successfully completed our first tranche of our NGN 70 Bond program, having raised NGN 20 bio on a 3 and 5 years maturity.
- CFO Jacques Vauthier is to leave the Company at the end of 2018, having spent the last seven years overseeing a period of transformative change for the business. He will be succeeded by Anders Kristiansson who has held executive finance positions in Nigeria for the last 10 years.

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