



## HONBUN

Honey Bun (1982) Limited (HONBUN)

Opening price— \$7.02

Price to book— 2.69 times

P/E— 14.56 times

Week to Date: **-3.10%**



Month to Date: **-5.06%**



Quarter to Date: **-12.19%**



Our weekly pick features a stock currently held in the Mayberry Managed Equity Portfolio (MMEP). For more information on the MMEP, please contact your investment advisor today.

Honey Bun is the fastest growing wholesale bakery in Jamaica, specializing in producing individually packaged pastries and baked snacks. Honey Bun produces several variations of over a dozen products resulting in a range of over 40 SKUs from 4 brands: Honey Bun, Shorty, Pickney Crackaz and Buccaneer Jamaican Rum Cakes.

Honey Bun (1982) Limited, for the quarter ended December 31, 2022, recorded a 23% increase in revenue to total \$817.40 million (2021: \$664.70 million). Other gains for the first three months amounted to \$703,150 (2021: \$7.32 million). As such, gross profit amounted to \$357.64 million relative to \$264.59 million reported in 2021. Administrative expenses increased by 31% to \$156.53 million (2021: \$119.15 million). Selling and promotional expense increased 14% from \$96.55 million in 2021 to \$110.16 million for the period under review. Thus, total operating expenses increased by 24%. Consequently, this resulted in profit from operations of \$91.65 million, this compares with the operating profit of \$56.21 million reported for the corresponding quarter for prior year. The company reported finance income of \$3.41 million for the quarter (2021: \$767,961). Finance cost & policy expenses amounted to \$1.52 million compared to \$345,066 million reported in 2021's corresponding period. Profit before taxation amounted to \$93.53 million for the first quarter ended December 31, 2022. This compares \$56.63 million booked for the prior corresponding quarter. Net profit totalled \$69.29 million for the period, relative to \$45.51 million reported in 2021.

Management noted, "The Honey Bun Foundation has embarked on a path of building Jamaica, through capacity building of small and medium enterprises (SMEs). Through their Advisory Committee Model, they have partnered SMEs with a group of advisors for 12 months in completing a one year strategic plan. The model enables the SMEs to grow and learn through the guidance of knowledgeable advisors in such areas as finance, marketing and sales, experts these small companies would not otherwise have access to."

HONBUN (as at Friday March 10, 2023) was trading at 2.69 times its book value with a P/E of 14.56 times.