







HONBUN

Honey Bun (1982) Limited (HONBUN)

Opening price— \$6.81

Price to book— 2.60 times

P/E— 12.95 times

Week to Date:	12.01%	
Month to Date:	2.10%	
Quarter to Date:	1.95%	
Year to Date:	-14.77%	

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 six months ended March 31, 2023 period reported revenues of \$1.69 billion, 23% up from the \$1.37 billion reported a year ago. The Company had a 19% increase in cost of sales to close at \$962.65 million (2022: \$810.69 million). Despite this, gross profit went up 30% or \$170.26 million year-to-date to \$732.99 million relative to \$562.73 million reported in the prior corresponding period. HONBUN documented other losses for the six months ended March 31, 2023 totalling \$2.64 million relative to gains of \$1.11 million for the similar period in 2022. Profit before operating expenses for the six months amounted to \$730.35 million (2022: \$563.84 million). Administrative expenses rose 26% to \$323.10 million (2022: \$255.96 million) for the six months, while selling, distribution and promotional expenses rose by 19% to \$235.93 million (2022: \$197.60 million). Total expenses for the six months amounted to \$559.03 million, 23% above the \$453.57 million recorded for the same period of 2022. Despite the increase in expenses there was a 55% increase in profit from operations, which moved from \$110.27 million in 2022 to \$171.32 million for the period under review. Finance income for the six-month period totalled \$7.34 million (2022: \$1.81 million). The six months finance costs amounted to \$3.51 million (2022: \$641,796). Profit before taxation closed the period at \$175.16 million versus the \$111.79 million booked in the same period last year. Taxation for the six months amounted to \$44.10 million (2022: \$25.01 million), thus resulting in net profit of \$131.06 million (2022: \$86.78 million).

Management noted, “The company’s margins increased for the six-month period as a result of new operating processes and staff incentives that have increased overall productivity.”

HONBUN (as at Friday June 2, 2023) was trading at 2.60 times its book value with a P/E of 12.95 times.