




## HONBUN

Honey Bun (1982) Limited (HONBUN)

Opening price— \$6.05

Price to book— 2.31 times

P/E— 11.51 times

Week to Date: **-3.97%** 

Month to Date: **4.49%** 

Quarter to Date: **-4.42%** 

Year to Date: **-24.28%** 

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. 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.”

The Company has steadily been growing its distribution network since 2020 with four locations. Now the Company has a total of nine outlets with three more to come by the end of summer. Growth rates increased from 8% in 2020 to 28% in 2021 and 38% in 2022 as a result of the new distribution strategy. Michelle Chong explained that improved distribution and higher exports were responsible for the revenue growth. Given the shift in focus, we anticipate that favourable earnings going forward for the Company as the strategy is very effective in reaching more customers.

HONBUN (as at Friday August 11, 2023) was trading at 2.31 times its book value with a P/E of 11.51 times.