



HONBUN

Honey Bun (1982) Limited (HONBUN)

Opening price— \$6.44

Price to book— 2.36 times

P/E— 11.35 times

Week to Date: 5.40% 

Month to Date: 4.38% 

Quarter to Date: -4.87% 

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 nine months ended June 30, 2023 reported an 18% increase in Revenue totalling \$2.56 billion. Cost of Sales amounted to \$1.44 billion (2022: 1.31 billion). Gross profit increased by 31% to \$1.12 billion. Total operating expenses for the nine months amounted to \$858.02 million, a 26% increase relative to \$680.36 million reported in 2022. Profit from operations amounted to \$263.80 million, a 50% increase relative to \$175.75 million reported in 2022. Profit before Taxation amounted to \$270.63 million, a 47% increase relative to \$184.29 million reported in 2022. Taxation for had a 49% increase to reach \$68.69 million. Net Profit amounted to \$201.95 million, a 46% increase from the \$138.08 million reported in 2022. Notably, Honey Bun recently attained SQF certification in both food safety and quality. The internationally recognised Safe Quality Food (SQF) certification is a rigorous and credible food safety and quality programme that is recognised by retailers, brand owners, and food service providers worldwide.

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 December 8, 2023) was trading at 2.36 times its book value with a P/E of 11.35 times.