

Sundry Foods Funding SPV Plc.

**£2.5 Billion Series 1 Five-Year 13.5% Fixed Rate Bond Due 2026
under a £20 Billion Debt Issuance Programme**

Corporate Bond Final Rating Report



Research, Credit Ratings, Credit Risk Management

Sundry Foods Funding SPV Plc.

₦2.5 Billion Series 1 Five-Year 13.5% Fixed Rate Bond Due 2026 under a ₦20 Billion Debt Issuance Programme

Issue Rating:

Bbb+

Satisfactory debt quality with moderate credit risk; adequate capacity to pay returns and principal on local currency debt in a timely manner.

Outlook: Stable

Issue Date: 14 February 2022

Expiry Date: 30 November 2022

This final rating is subject to annual review on the anniversary of the Issue.

Issuer Rating: Bbb+

Expiry Date: 30 June 2022

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Analysts:

Oluwakemi Onakoya

oluwakemionakoya@agusto.com

Ikechukwu Iheagwam

ikechukwuiheagwam@agusto.com

Isaac Babatunde

isaacbabatunde@agusto.com

Agusto & Co. Limited

UBA House (5th Floor)

57, Marina

Lagos

Nigeria

www.agusto.com

RATING RATIONALE

Agusto & Co. hereby assigns a rating of **"Bbb+"** and a **stable** outlook to Sundry Foods Funding SPV Plc's **₦2.5 Billion Series 1 Five-Year 13.5% Fixed Rate Bond Due 2026** ("Series 1 Bond", "the Bond" or "the Issue") under its **₦20 Billion Bond Issuance Programme**. The Issue rating mirrors the stand-alone **"Bbb+"** rating assigned to Sundry Foods Limited ("the Sponsor", "the Company", "SFL" or "Sundry Foods") in May 2021¹.

Sundry Foods Limited is a food services provider incorporated on 8 December 2003. The Company majors in the operation of quick service restaurants but also provides catering services to individuals and corporate entities in addition to running bakeries. As at the end of 2020, the Sponsor owned 48 restaurants (trading under the name Kilimanjaro), 22 pizza and ice cream outlets – called Pizza Jungle and Nibbles Creamery (which are collocated with the restaurants) and two bakeries. The Company also serves 10 corporate organizations through the management of their canteens.

Sundry Foods Funding SPV Plc ("Sundry Foods SPV", "the Issue" or the "SPV") is a special purpose vehicle incorporated on 23 April 2021 with the sole aim of raising debt finance to meet the Sponsor's funding needs. The SPV issued **₦2.5 Billion Series 1 Five Year 13.5% Fixed Rate Senior Bond** in December 2021. The net proceeds of the Bond will be used to purchase 5-year Fixed Rate Unsecured Intercompany Notes from Sundry Foods who will in turn, utilise the proceeds to establish new retail outlets and refinance the Company's existing debts.

The proposed Series 1 Bond attracts a fixed coupon rate of 13.5% (determined via a book-building process) payable semi-annually over the five-year tenor. The Issue's principal will be repaid half-yearly over the duration of the Bond following the expiration of a 12-month moratorium.

In accordance with the Trust deed, SFL irrevocably and unconditionally accepts as primary obligor and co-debtor, joint and several liability with the Issuer in respect of obligations related to the Bond. The Series 1 Bond shall constitute direct, unsubordinated obligations of the Issuer and Co-obligor (the Sponsor) and shall at all times rank pari passu and without any preference among themselves.

This Bond rating report should be read in conjunction with the 2021 corporate rating report of Sundry Foods Limited

¹ Agusto & Co. assigned a "Bbb+" rating to Sundry Foods on 21 May 2021 and it expires on 30 June 2022.

TRANSACTION PARTIES

Issuer:

Sundry Foods Funding SPV Plc

Sponsor/Obligor:

Sundry Foods Limited

Lead Issuing House:

CardinalStone Partners Limited

Joint Issuing House:

FCMB Capital Markets Limited

Stanbic IBTC Capital

Bond Trustees:

CardinalStone Trustees Limited

ARM Trustees Limited

United Capital Trustees Limited

Solicitors to the Issue:

Aluko & Oyeboode

Solicitors to the Issuer:

Sefton Fross

Registrars:

Crescent Registrars Limited

Receiving Bank:

Fidelity Bank Plc

Reporting Accountant:

Ernst & Young Nigeria

TRANSACTION STRUCTURE

Bond Tenor:

5-years with semi-annual payment of coupon and principal (subject to the expiration of a one-year moratorium)

Bond Status:

Direct, unsubordinated obligations of the Issuer and Co-obligor (the Sponsor) and shall at all times rank *pari passu* and without any preference among themselves

Use of Bond Proceeds:

The net proceeds will be used by the Issuer to purchase 5-year Fixed Rate Unsecured Note from the Sponsor

Source of Repayment:

Operating cash flow of the Sponsor

Payment Account:

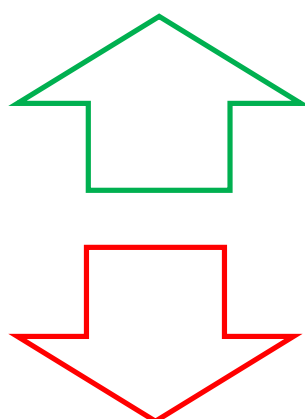
The Issuer will establish a Payment Account, which will be funded on each Funding Date with an amount not less than the aggregate of the Principal Repayment and the Coupon due on the Bonds on the relevant Payment Date. We note that principal repayment shall commence subsequent to the expiration of a 12-month moratorium. The Trustees shall utilise the funds in the Payment Account for the purposes of effecting payments on the Bond in accordance with the Pricing Supplement and the Trust Deed

The Issuer will establish a Payment Account to be funded with amounts received from the Sponsor (as interest and principal payment) for the intercompany notes. The Payment Account will be funded quarterly (starting from the coupon commencement date) with an amount not less than the aggregate of the Principal Repayment and the Coupon due on the Bonds on the Payment Date (the coupon payment or principal redemption date). The Trustees shall utilise the funds in the Payment Account for the purposes of effecting payments on the Bonds in accordance with the Pricing Supplement and the Trust Deed.

Essentially, the Bond shall be redeemed from the Sponsor's operating cash flow. We note that the Sponsor's financial condition as at the financial year ended 2020 was characterised by good profitability, sustainable cash flow position, adequate working capital as well as moderate leverage. The Sponsor's rating was constrained by its concentrated ownership structure, the frail macro-economic environment (evidenced by a weak consumer purchasing power and rising inflation) and increasing insecurity in Nigeria.

Our review of the Sponsor's financial forecast over the duration of the Series 1 Bond indicates a satisfactory sensitised cash flow - demonstrated by interest and total bond coverage ratios² of 20.1 times and 6.4 times respectively. In our view, the Issuer has adequate capacity to meet the obligations on the Issue as and when due, premised on the good operating cash flow of the Sponsor.

Figure 1: Rating Triggers



Positive

- An improvement in the credit rating assigned to Sundry Foods Limited – the Sponsor

Negatives

- Closure of stores due to rising insecurity across the country
- Inability to rein-in direct costs and transfer cost increments to customers.
- Dwindling consumer purchasing power

² Computed respectively as EBITDA (earnings before interest, tax, depreciation and amortization) to interest payments (at a coupon of 13.5%) and EBITDA to total bond obligation

OVERVIEW & BACKGROUND OF THE ISSUER

Sundry Foods Funding SPV Plc (“Sundry Foods SPV”, “the Issuer” or the “SPV”) was incorporated on 23 April 2021 as a public limited liability company with the sole objective of financing the Sponsor’s (Sundry Foods Limited) funding requirements, by issuing bonds to qualified institutional investors and high net worth individuals. The Issuer is a non-operational special purpose vehicle (SPV) with no management and staff.

As at the date of incorporation, Sundry Foods SPV had an authorised share capital of ₦2 million divided into 2 million ordinary shares of ₦1 each, all of which have been issued and fully paid. The SPV is 99.99% owned by Sundry Foods Limited, with Mr. Ebele Enunwa (the Managing Director of Sundry Foods Limited) controlling the balance of the stake. Consequently, the SPV is a subsidiary of Sundry Foods Limited.

Sundry Foods Funding SPV Plc is governed by a two-member Board of Directors, comprising Messrs Ebele Enunwa and Nnamdi Opara (an Executive Director in Sundry Foods Limited).

OVERVIEW & BACKGROUND OF THE SPONSOR

Sundry Foods Limited (“Sundry Foods”, “SFL”, “the Company”, or the “Sponsor”) was incorporated on 8 December 2003 as a limited liability company but commenced operations on 2 October 2004. The Company is primarily engaged in the operation of quick service restaurants (QSRs) but provides catering services to individuals and corporate entities in addition to operating bakeries.

Headquartered in Port-Harcourt and with regional offices in Lagos and Abuja, Sundry Foods had 101 outlets in 65 locations as at the end of 2020, consisting of restaurants, bakeries and catering outlets spread across various Nigerian cities particularly Port-Harcourt, Lagos and Abuja. We note that most of these outlets - especially the restaurant, pizza and bakery businesses - are co-located.

Sundry Foods Limited intends to extend its footprint from the current position (of having presence in 13 states) to other parts of Nigeria, particularly in the Southwest and North through a five-year expansion plan. To achieve this, the Company plans to increase its Kilimanjaro restaurant and Pizza Jungle store count by ten and five stores respectively, on an annual basis over the next 5 years. In addition, SFL plans to set up ten retail outlets for its Kiligrill (street food) business. Sundry Foods Limited plans to raise finance through Sundry Foods Funding SPV Plc to fund these expansion plans.

As at 31 December 2020, Sundry Foods Limited authorised share capital stood at ₦720 million, of which circa ₦415.4 million were issued and fully paid up. The Company’s ownership stake is controlled by five organisations namely – Potter’s Properties Ltd (30%), Accel Capital Partners Ltd (29.3%), Silk Trust Cooperative U.A. (26.6%), Taste & Flavours Ltd (13%) and Port Harcourt Sundry Staff Co-operative Investment and Credit Society Ltd (1.1%). Sundry Foods Limited is governed by a 6-member active Board of Directors led by the Chairman - Adedotun Sulaiman (MFR) - a renowned management and strategy consultant. He is assisted by two Directors in executive capacity and three Non-executive Directors. Sundry Foods’ executive management team comprises ten members led by the Chief Executive Officer – Ebele Enunwa. In our opinion, Sundry Foods Limited has a qualified and competent management team with experience in the QSR Industry.

Table 1: Members of Sundry Foods Limited's management team

Name	Position
Nnamdi Opara	Executive Director
Adewale Osobukola	Chief Finance Officer
Perry Anakhu	General Manager – Bakery Operations
Michael Ugoh	General Manager – Catering Operations
Jubril Shoaga	General Manager – Lagos Region
Jude Ogbonna	General Manager – Quick Service Restaurants
Marian Ayah	Head – Supply Chain Management
Mmeme Best-Agbi	Head – Human Resources
Christian Ejekam	Head – Internal Audit

TRANSACTION STRUCTURE

Background

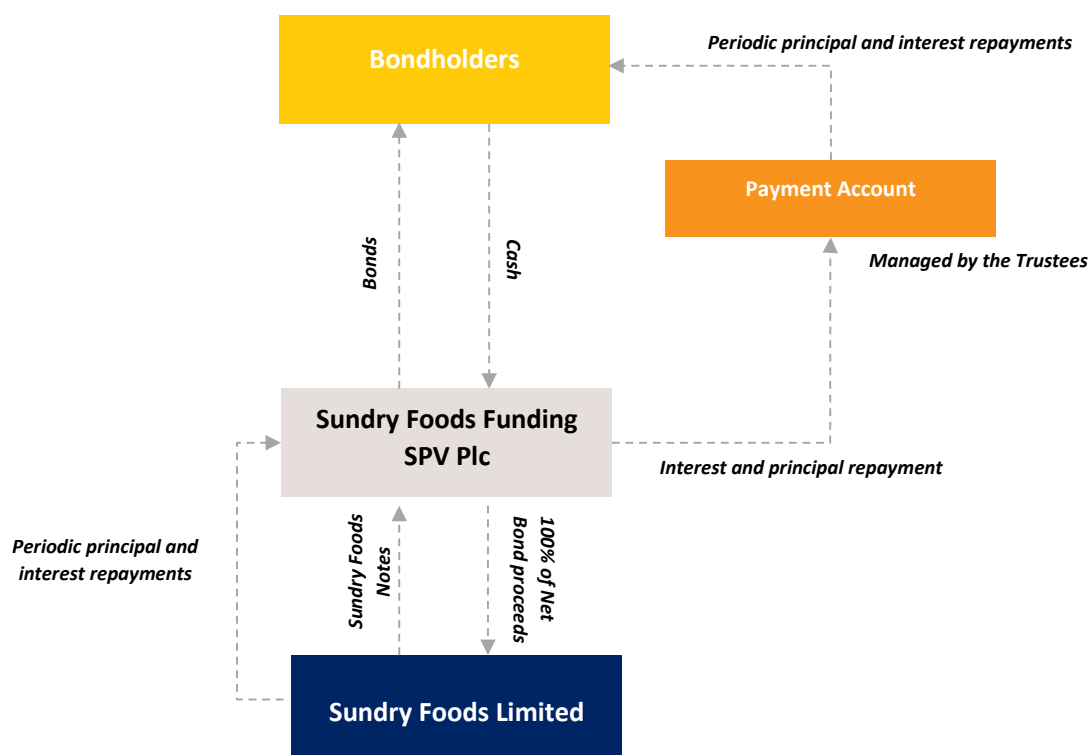
Sundry Foods Funding SPV Plc raised ₦2.5 Billion Five-Year Series 1 Fixed Rate Senior Bond (the “Bond”, “Issue” or “Series 1 Bond”) under a ₦20 Billion Bond Issuance Programme in December 2021. The Bond attracts a fixed coupon rate of 13.5% (determined through a book-building process) payable semi-annually over the life of the issue. The principal amount will be amortised on a semi-annual basis over the tenor of the Bond after the expiration of a 12-month moratorium.

Structure of the Issue

Sundry Foods SPV will issue the Series 1 Bond to qualified institutional investors and high net worth individuals. The Bond is backed by an undertaking issued by Sundry Foods Limited in favour of the Trustees (Cardinal Stone Trustees Limited, ARM Trustees Limited and United Capital Trustees Limited) on behalf of Bondholders, supporting all obligations of the Issuer under the Programme. The net proceeds from the Bond will be used to purchase the 5-year Fixed Rate Unsecured Notes (the “Notes”) issued by Sundry Foods Limited, who will in turn, utilise the funds to set up new outlets and refinance some of the Company’s existing debts.

The Bond obligations (coupon and principal) will be paid out of a Payment Account established by the Issuer. The Payment Account will be funded with amounts (being principal and interest repayments) received from the Sponsor for the 5-year Fixed Rate Unsecured Notes. The Issuer will fund the Payment Account quarterly (starting from the coupon commencement date) with amounts sufficient to meet the principal repayment and coupon due on the Bonds on the relevant payment dates (semi annually starting six months after the Bond issuance date). The Bond Trustees managing the Payment Account will pay the Bond obligations comprising both coupon and principal payment to Bondholders as and when due.

Figure 2: Transaction Structure



Source: Sundry Foods Funding SPV Plc's Pricing Supplement

The Utilisation of Bond Proceeds

The Issuer would lend the net proceeds to the Sponsor by purchasing its intercompany notes. The Sponsor plans to utilise the proceeds of the Intercompany notes to finance its expansion plans (57.7%) and refinance its existing debts (40%). The balance of 2.3% will be used to finance the total cost of the Issue.

Table 2: Utilization of Proceeds Schedule

S/N	Particulars	Amount (₦m)	% of proceeds
1	Capital expenditure (opening new outlets)	1,442.8	57.7
2	Debt refinancing	1,000.0	40.0
3	Issue cost	57.2	2.3
Total		2,500.0	100.0

Source: Sundry Foods Forecast and Debt Analysis

The Series 1 Bond will be guaranteed by Sundry Foods Limited via the undertaking issued by the Company in favour of the Trustees on behalf of Bondholders, supporting all obligations of the Issuer. According to the Trust deed, Sundry Foods irrevocably and unconditionally accepts as primary obligor and co-debtor, joint and several liability with the Issuer in respect of obligations related to the Issue. The Bond shall constitute direct, unsubordinated obligations of the Issuer and Co-obligor (the Sponsor) and shall at all times rank *pari passu* and without any preference among themselves.

Table 3: Coupon and Principal Repayment Schedule³

Period	Months	Principal (₦'million)	Interest (₦'million)	Principal Obligation Outstanding (₦'million)
1	1 – 6		169	2,500
2	7 – 12		170	2,500
3	13 – 18	245	169	2,255
4	19 – 24	261	153	1,994
5	25 – 30	279	135	1,715
6	31 – 36	298	116	1,417
7	37 – 42	319	96	1,098
8	43 – 48	340	74	758
9	49 – 54	363	51	388
10	55 – 60	388	26	0

Source: Sundry Foods Forecast and Debt Analysis

Note: The table is based on an interest rate of 13.5%

Legal Opinion

The legal opinion on the legality and enforceability of the transaction documents for the ₦2.5 Billion Bond Issuance by Sundry Foods Funding SPV Plc was provided by Aluko & Oyeboode (“the Firm”), as Solicitor to the Issue. The legal opinion covers an examination of the transaction documents including the draft copies of the Shelf Prospectus, Series 1 Trust Deed, Pricing Supplement, Programme Trust Deed, Master Notes Issuance Agreement, copies of certificates of incorporation of the Sponsor and Issuer, copies of memoranda and articles of association of the transaction parties as well as the Deed of Undertaking.

In our view, the final legal opinion from the Solicitor to the Issue represents a satisfactory opinion on the legality and enforceability of the ₦2.5 billion five-year 13.5% fixed-rate Bond due 2026.

³ The amortisation schedule is final and is based on the completion of the book building process

FINANCIAL FORECAST & ANALYSIS

Agusto & Co. has reviewed the financial forecast of the Sponsor given that the settlement of the Bond obligations will be made from its operating cash flow. Below are the assumptions driving the forecasts (covering the statement of comprehensive income from 2021 to 2026) and our opinion on their reasonableness:

Table 4: Assumptions for Financial Forecast

Description	SFL's Assumptions	Agusto & Co.'s Opinion
Revenue growth	Growth rate of 58% in 2021, 36% in 2022, 32% in 2023, 29% in 2024, 27% in 2025 and 21% in 2026	The projected revenue growth rate is predominantly driven by the income from the restaurant business. Turnover from the existing restaurant line is expected to grow by 50% in 2021, which is optimistic in our view considering the average historical growth rate of 29% and the depressed consumer disposable income (tempering projected demand). In addition, we have considered the operational and consumer risks (as a result of the weakening disposable income and purchasing power) that could impact on the business. Agusto & Co. therefore estimates a revenue growth of 24% in 2021, 39% in 2022, 33% in 2023, 30% in 2024, 28% in 2025 and 20% in 2026. These reflect a turnover (in ₦' billion) of 14.1 in 2021, 19.5 in 2022, 26.0 in 2023, 33.8 in 2024, 43.2 in 2025 and 51.6 in 2026.
Revenue drivers	Restaurant count is expected to increase by 15 stores annually between 2021 and 2026. Street food Kiosks are projected to increase by 10 stores annually between 2021 and 2026. Bakery count is expected to grow by one each in 2021, 2022 and 2025	
Revenue (₦' billion)	17.8 in 2021, 24.2 in 2022, 31.7 in 2023, 40.8 in 2024, 51.6 in 2025 and 62.3 in 2026	
Direct cost to sales	Direct cost to sales ratio of 55% in 2021 and 53% between 2022 and 2026	Direct cost to sales is expected to average 53.3% between 2021 and 2026. In our view, this is consistent with the historical results. Hence, we have adopted management's projection.
Operating expense to sales	Operating expense to sales of 25% in 2021, 27% in 2022, 26% in 2023, 26% in 2024, 26% in 2025 and 21% in 2026	Operating expense (opex) to sales is projected to average 26.1% between 2021 and 2026. However, we note that between 2018 and 2020, opex to sales averaged 34.7%, with a high of 36% and low of 33.9%. Consequently, our sensitised model reflects an average opex to sales ratio of 35%.
Interest rate	This is projected at 14% over the tenor of the Bond	Agusto & Co. estimates interest rates to range between 14% and 17% given that interest rates are trending upwards since the first quarter of 2021.

Table 5: Estimated Operating Cash Flow Forecast

Year	2021	2022	2023	2024	2025	2026	Total
	₦million	₦million	₦million	₦million	₦million	₦million	₦million
EBITDA ¹	1,754.1	2,424.8	3,223.6	4,177.4	5,347.6	6,388.9	23,316.4
Coupon ²	-	(339)	(322)	(251)	(170)	(77)	(1,159)
Net cash flow after coupon	1,754.1	2,085.8	2,901.6	3,926.4	5,177.6	6,311.9	22,157.4
Bond principal obligation ²	-	-	(507)	(579)	(660)	(752)	(2,500.0)
Free cash flow	1,754.1	2,085.8	2,394.6	3,347.4	4,517.6	5,559.9	19,657.4
Bond coupon coverage (times)	n/a	7.2	10.0	16.6	31.6	82.9	20.1
Debt service coverage (times)	n/a	7.2	3.9	5.0	6.4	7.6	6.4

Source: Agusto & Co. Estimates

Note (1) We have adopted EBITDA (earnings before interest, tax, depreciation and amortisation) as a proxy for operating cash flow

(2) The coupon and principal repayments are in line with the amortising schedule (table 4) at a coupon rate of 13.5%

Based on our adjustments, total cumulative revenue over the five-year period is projected at ₦188.2 billion. The sensitised revenue is hinged on our assessment of the Company's historical performance as well as the operational risks (encompassing possible downtimes in operations due to the persisting insecurity in the Middlebelt and Nigeria generally) and consumer risks (with a possible dip in projected demand due the declining purchasing power). Agusto & Co. considers the operational risks from insecurity as **High** given that over 70% of Sundry Foods' 65 outlet locations are sited in the North, South-East and South-South part of Nigeria.

Nonetheless, Agusto & Co. estimates that the total revenue will be sufficient to cover the Sponsor's cost of sales and operating expenses (OPEX) leaving an operating profit of ₦22.0 billion. Projected EBITDA⁴ will be adequate to meet bond obligation (comprising coupon payment – at 13.5% - and principal repayment) of ₦3.6 billion leaving an estimated residual balance of ₦19.6 billion. This is indicative of interest coverage and bond coverage ratios of 20.1 times and 6.4 times respectively, which is satisfactory in our view.

⁴ We calculated EBITDA as operating profit plus depreciation

OUTLOOK

The 2020 financial year was challenged by the emergence of corona virus (COVID-19) as the Nigerian Government instituted lockdown measures (in addition to various restrictions on social gatherings) in response to the virus. These impacted on the performance of the Quick Service Restaurants Industry, particularly as limitations were placed on “dine-in” services – which was a major driver of sales prior to the pandemic.

Sundry Foods Limited however posted a positive nominal revenue growth of 8% in FY2020 to close at ₦11.3 billion attributable to the marginal increase in the Sponsor’s prices as well as the expansion of its QSR business (with the opening of 16 new outlets in 2020 subsequent to the easing of the lockdown). Going forward, SFL plans to expand to other parts of Nigeria, particularly in the Southwest and North over a five-year period. The Company’s expansion plan encompasses increasing the store count for its Kilimanjaro restaurant, Pizza Jungle and Killigrill businesses.

To achieve this, Sundry Foods Limited incorporated a special purpose vehicle - Sundry Foods Funding SPV Plc - in 2021 to raise ₦2.5 Billion Series 1 Five Year 13.5% Fixed Rate Senior Bond (the “Bond”, “Issue” or “Series 1 Bond”) under a ₦20 Billion Bond Issuance Programme. The total Bond obligations (coupon and principal) will be settled from the operating cash flow of the Sponsor. Therefore, Agusto & Co. has reviewed the financial forecast of SFL over the tenor of the Bond.

Based on the Sponsor’s sensitised financial forecasts over the duration of the Issue, we have estimated the EBITDA to interest payments (at a coupon of 13.5%) and EBITDA to total bond obligations ratios to be 20.1 times and 6.4 times respectively. In our view, the Issuer has a satisfactory capacity to meet its obligations on the Issue as and when due. Therefore, we attach a **stable** outlook to Sundry Foods Funding SPV Plc’s Bond.

This Bond rating report should be read in conjunction with the 2021 corporate rating report of Sundry Foods Limited

SPONSOR'S FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION AS AT	31-Dec-20		31-Dec-19		31-Dec-18	
	₦'000		₦'000		₦'000	
ASSETS						
IDLE CASH	864,931	10.5%	299,845	4.7%	292,703	6.1%
MARKETABLE SECURITIES & TIME DEPOSITS	-		-		-	
CASH & EQUIVALENTS	864,931	10.5%	299,845	4.7%	292,703	6.1%
FX PURCHASED FOR IMPORTS						
ADVANCE PAYMENTS AND DEPOSITS TO SUPPLIERS						
STOCKS	695,516	8.4%	487,977	7.6%	437,280	9.1%
TRADE DEBTORS	237,346	2.9%	245,006	3.8%	191,453	4.0%
DUE FROM RELATED PARTIES						
OTHER DEBTORS & PREPAYMENTS	1,168,373	14.2%	410,792	6.4%	331,532	6.9%
TOTAL TRADING ASSETS	2,101,235	25.5%	1,143,775	17.8%	960,265	20.1%
INVESTMENT PROPERTIES			7,754	0.1%	15,506	0.3%
OTHER NON-CURRENT INVESTMENTS						
PROPERTY, PLANT & EQUIPMENT	4,609,503	55.9%	4,385,402	68.4%	2,929,929	61.3%
SPARE PARTS, RETURNABLE CONTAINERS, ETC						
GOODWILL, INTANGIBLES & OTHER L T ASSETS	670,645	8.1%	573,234	8.9%	584,333	12.2%
TOTAL LONG TERM ASSETS	5,280,148	75.6%	4,966,390	77.5%	3,529,768	73.8%
TOTAL ASSETS	8,246,314	100.0%	6,410,010	100.0%	4,782,736	100.0%
Growth	28.6%		34.0%		34.9%	
LIABILITIES & EQUITY						
SHORT TERM BORROWINGS						
CURRENT PORTION OF LONG TERM BORROWINGS	718,489	8.7%	812,813	12.7%	346,761	7.3%
LONG-TERM BORROWINGS	2,063,356	25.0%	839,821	13.1%	361,034	7.5%
TOTAL INTEREST BEARING LIABILITIES (TIBL)	2,781,845	33.7%	1,652,634	25.8%	707,795	14.8%
TRADE CREDITORS	696,381	8.4%	589,270	9.2%	294,797	6.2%
DUE TO RELATED PARTIES			15,998	0.2%	554,764	11.6%
ADVANCE PAYMENTS AND DEPOSITS FROM CUSTOMERS						
OTHER CREDITORS AND ACCRUALS	919,202	11.1%	544,960	8.5%	336,783	7.0%
TAXATION PAYABLE	214,281	2.6%	371,438	5.8%	226,032	4.7%
DIVIDEND PAYABLE						
DEFERRED TAXATION	396,191	4.8%	286,008	4.5%	249,255	5.2%
OBLIGATIONS UNDER UNFUNDED PENSION SCHEMES						
MINORITY INTEREST						
REDEEMABLE PREFERENCE SHARES						
TOTAL NON-INTEREST BEARING LIABILITIES	2,226,055	27.0%	1,807,674	28.2%	1,661,631	34.7%
TOTAL LIABILITIES	5,007,900	60.7%	3,460,308	54.0%	2,369,426	49.5%
SHARE CAPITAL	415,397	5.0%	410,397	6.4%	410,397	8.6%
SHARE PREMIUM	323,935	3.9%	312,936	4.9%	312,936	6.5%
IRREDEEMABLE DEBENTURES	-		-		-	
REVALUATION SURPLUS	-		-		-	
OTHER NON-DISTRIBUTABLE RESERVES	-		-		-	
REVENUE RESERVE	2,499,082	30.3%	2,226,369	34.7%	1,689,977	35.3%
SHAREHOLDERS' EQUITY	3,238,414	39.3%	2,949,702	46.0%	2,413,310	50.5%
TOTAL LIABILITIES & EQUITY	8,246,314	100.0%	6,410,010	100.0%	4,782,736	100.0%

Sundry Foods Funding SPV Plc ₦2.5 Billion Series 1 Five Year 13.5% Fixed Rate Senior Bond Due 2026

STATEMENT OF COMPREHENSIVE INCOME	31-Dec-20		31-Dec-19		31-Dec-18	
	₦'000		₦'000		₦'000	
TURNOVER	11,320,262	100.0%	10,446,426	100.0%	7,861,750	100.0%
COST OF SALES	(6,131,077)	-54.2%	(5,412,215)	-51.8%	(4,075,003)	-51.8%
GROSS PROFIT	5,189,185	45.8%	5,034,211	48.2%	3,786,747	48.2%
OTHER OPERATING EXPENSES	(4,093,536)	-36.2%	(3,551,926)	-34.0%	(2,662,713)	-33.9%
OPERATING PROFIT	1,095,649	9.7%	1,482,285	14.2%	1,124,034	14.3%
OTHER INCOME/(EXPENSES)	114,565	1.0%	89,714	0.9%	73,433	0.9%
PROFIT BEFORE INTEREST & TAXATION	1,210,214	10.7%	1,571,999	15.0%	1,197,467	15.2%
INTEREST EXPENSE	(363,798)	-3.2%	(378,178)	-3.6%	(256,739)	-3.3%
PROFIT BEFORE TAXATION	846,416	7.5%	1,193,821	11.4%	940,728	12.0%
TAX (EXPENSE) BENEFIT	(324,464)	-2.9%	(408,191)	-3.9%	(309,140)	-3.9%
PROFIT AFTER TAXATION	521,952	4.6%	785,630	7.5%	631,588	8.0%
NON-RECURRING ITEMS (NET OF TAX)	-		-		-	
MINORITY INTERESTS IN GROUP PAT	-		-		-	
PROFIT AFTER TAX & MINORITY INTERESTS	521,952	4.6%	785,630	7.5%	631,588	8.0%
DIVIDEND	(249,239)	-2.2%	(249,238)	-2.4%	(124,618)	-1.6%
PROFIT RETAINED FOR THE YEAR	272,713	2.4%	536,392	5.1%	506,970	6.4%
SCRIP ISSUES	-		-		-	
OTHER APPROPRIATIONS/ ADJUSTMENTS	-		-		-	
PROFIT RETAINED B/FWD	2,226,369	-	1,689,977	-	1,183,007	
PROFIT RETAINED C/FWD	2,499,082		2,226,369		1,689,977	
Proof	-		-		-	
<u>ADDITIONAL INFORMATION</u>	<u>31-Dec-20</u>		<u>31-Dec-19</u>		<u>31-Dec-18</u>	
Staff costs (₦'000)	1,407,826		1,240,106		895,485	
Average number of staff	2,075		1,706		1,387	
Staff costs per employee (₦'000)	678		727		646	
Staff costs/Turnover	12.4%		11.9%		11.4%	
Capital expenditure (₦'000)	1,026,282		2,067,354		1,244,674	
Depreciation expense - current year (₦'000)	801,054		611,881		489,957	
(Profit)/Loss on sale of assets (₦'000)	-		-		-	
Number of 50 kobo shares in issue at year end ('000)						
Market value per share of 50 kobo (year-end)						
Market capitalisation (₦'000)						
Market/Book value multiple						
Non-operating assets at balance sheet date (₦'000)						
Market value of tradable assets (₦'000)						
Revaluation date - Investment properties						
Revaluation date - Other properties						
Average age of depreciable assets (years)						
Sales at constant prices - base year 1985 (₦'000)						
Auditors	Deloitte		Deloitte		Deloitte	
Opinion	CLEAN		CLEAN		CLEAN	

Sundry Foods Funding SPV Plc ₦2.5 Billion Series 1 Five Year 13.5% Fixed Rate Senior Bond Due 2026

CASH FLOW STATEMENT FOR THE YEAR ENDED			
	31-Dec-20	31-Dec-19	31-Dec-18
	₦'000	₦'000	₦'000
Operating cash flow (OCF)	1,149,353	1,742,098	2,113,669
Less: Returns to providers of finance	(613,037)	(627,416)	(381,357)
OCF after returns to providers of finance	536,316	1,114,682	1,732,312
Non-recurring items	-	-	-
Free cash flow	536,316	1,114,682	1,732,312
Investing activities	(1,116,440)	(2,052,379)	(1,704,966)
Financing activities	1,145,210	944,839	(70)
Change in cash	565,086	7,142	27,276
PROFITABILITY			
PBT as % of Turnover	7%	11%	12%
Return on equity	27%	45%	44%
Real sales growth	-6.4%	18.7%	25.4%
Sales growth	8.4%	32.9%	25.4%
CASH FLOW			
Interest cover (times)	5.8	4.6	8.2
Principal payback (years)	1.9	1.5	0.4
WORKING CAPITAL			
Working capital need (days)	-	-	-
Working capital deficiency (days)	-	-	-
LEVERAGE			
Interest bearing debt to Equity	86%	56%	29%
Total debt to Equity	155%	117%	98%
IBD net of cash and Equiv. as a % of Equity without rev.	59%	46%	17%
Net Debt/Avg Total Assets Exc. Cash and Rev. Surplus	61%	60%	53%

RATING DEFINITIONS

Aaa	Highest quality debt issue with minimal credit risk; strongest capacity to pay returns and principal on local currency debt in a timely manner.
Aa	High quality debt issue with very low credit risk; very strong capacity to pay returns and principal on local currency debt in a timely manner.
A	Good quality debt issue with low to moderate credit risk; strong capacity to pay returns and principal on local currency debt in a timely manner.
Bbb	Satisfactory quality with moderate credit risk; adequate capacity to pay returns and principal on local currency debt in a timely manner.
Bb	Below average quality with moderate to high credit risk; speculative capacity to pay returns and principal on local currency debt in a timely manner.
B	Weak quality with high credit risk; speculative capacity to pay returns and principal on local currency debt in a timely manner.
C	Very weak capacity to pay returns and principal. Debt instrument with very high credit risk.
D	In default.

Rating Category Modifiers

A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'C' to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.



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UBA House (5th Floor)
57 Marina Lagos
Nigeria.
P.O Box 56136 Ikoyi
+234 (1) 2707222-4
+234 (1) 2713808
Fax: 234 (1) 2643576
Email: info@agusto.com