

## NFM posts 57% profit surge, warns of 2025 uncertainty

DESPITE geopolitical tensions, evolving trade policies, and climate change impacts, National Flour Mills Ltd (NFM) recorded a total comprehensive income of \$51.7 million for the year ended December 31, 2024, representing a 57% increase from the previous year, according to its chairman, Ashmeer Mohammed.

However, Mohammed cautioned that NFM is preparing for even greater economic uncertainties in 2025, as these global challenges continue to threaten food security and price stability.

NFM achieved this profitability increase despite a \$53.9 million decline in revenue over the period, which Mohammed attributed in part to a \$63 million reduction in the cost of sales.

'I am pleased to announce that National Flour Mills Ltd (NFM) has delivered commendable financial results in 2024, demonstrating resilience and strategic adaptability,' its Mohammed stated in his chairman's review of audited financial statements for the period.

'Although revenue experienced a 9% decline from \$577 million in 2023 to \$523 million in 2024, our Gross Profit increased by 6%, from \$152 million to \$161 million. This accomplishment was primarily driven by a significant 15% reduction in the cost of sales, resulting from prudent grain procurement and improved operational efficiencies,' Mohammed said.

Mohammed said despite fluctuations in global grain prices, these measures allowed NFM to manage costs and enhance profitability effectively.

'Additionally, NFM successfully reduced finance costs by 71%. As a result, Net Profit after Tax grew by 25%, from \$35.4 million in 2023 to \$44.1 million in 2024. Total Comprehensive Income also improved, increasing from \$32.9 million to \$51.6 million, resulting in a rise in earnings per share from 30 to 37 cents,' Mohammed said.

'Furthermore, our continued investment in plant modernisation, particularly the acquisition of new packaging equipment, has led to an increase in Total Assets from \$447 million to \$471 million,' he said.

Mohammed said, throughout 2024, NFM operated in a challenging global economic environment.

'The newly articulated US foreign policy, including potential widespread tariffs, may further destabilise global food prices. Additionally, the withdrawal of the United States from the Paris Agreement and renewed emphasis on fossil fuels could undermine global climate objectives and intensify environmental challenges affecting agricultural productivity worldwide,' Mohammed said.

'These developments, coupled with escalating global conflicts and stringent immigration policies affecting agricultural labour, pose significant risks to global food security and price stability. NFM remains cognisant of these potential impacts and strategically prepares to mitigate associated risks to sustain profitability,' he said.

NFM stated that it remains committed to its digital transformation efforts, with a key focus on the ongoing implementation of a new Enterprise Resource Planning (ERP) system.

'Investments such as the new 2-kg production line, a Dry-Mix packing line, and fleet expansion will significantly enhance our ability to meet customer demands efficiently. Concurrently, our commitment to product innovation remains robust, with ongoing development and improvement of product formulations to cater to evolving consumer preferences,' it stated.