

NFM on a growth path for 2025, says CEO







Ian Mitchell, CEO, National Flour Mills Ltd. PHOTO COURTESY IAN MITCHELL



**Geisha
Kowlessar-Alonzo**
geisha.kowlessar@guardian.co.tt

State-controlled National Flour Mills (NFM) is on a continued path of growth and expansion in 2025.

The company will be seeking new opportunities in the Caricom market and beyond and plans to make further investments in plant and machinery, the company's CEO Ian Mitchell told the Business Guardian in an interview.

Noting that the NFM continues to be the leading flour and dry mixed products provider in T&T, Mitchell said, "But tremendous opportunities exist within Caricom. We intend to capitalise on these opportunities. We also have plans to continue offering exciting new products that will fuel growth in the food, animal feed, and pet food categories."

NFM entered new territories in 2024, including Anguilla, Dominica, Bonaire, and the Bahamas.

After a successful Trinidad and Tobago Manufacturers Association mission in March 2024, the company also began extra-regional exports of pet food to Ghana.

Mitchell reinforced that the NFM intends to continue this trend in 2025 and is already targeting another important Caricom market in January 2025.

Additionally, local consumers are not to be left out.

Mitchell detailed that several innovation highlights are planned for 2025.

"Our consumers will start seeing some new, exciting offerings as early as Q1 of 2025 (by the end of March). Look out for innovation in the dry mixes category," he said .

Dry mixes are intended to offer convenience to the busy consumer. Critical to these goals will be further strengthening of NFM's plant and machinery to ensure optimal production capability.

In this vein, Mitchell explained, "The NFM is on a path of aggressive innovation and growth. A critical aspect of this is modernising our plant and equipment to ensure we can provide our customers with products that meet the highest food quality and safety standards. We also need to be more responsive to consumers' changing needs. With this in mind, some further investments are planned for the next two years."

The NFM is exploring linkages with India in the area of rice production. Last year, Mitchell visited the southern part of the Asian continent, during which discussions took place with a number of institutions discussing possibilities relating to rice production in Trinidad.

Mitchell also looked at NFM's performance in 2024, stating the company's financial performance for the nine months to September 2024 was robust, with strong improvements in profitability and better cost management when compared to 2023.

“We were able to generate higher gross and net profits despite declining revenue, which is commendable. Sustaining revenue growth while maintaining cost efficiencies will be the focus going forward. The company is on a stronger financial footing, driven by favourable market conditions for raw materials and disciplined financial management,” he said.

In sharing some statistics regarding the NFM's performance Mitchell stated: Better for the nine months to September 2024:

- Profitability: Net profit increased by 47.7 per cent;
- Cost management: Cost of sales reduced by 15.8 per cent;
- Finance costs: Decreased significantly by 83.0 per cent;
- Revenue: Decreased by 10.5 per cent, primarily due to price savings passed on to feed and retail flour customers; and
- Increased investment spending: Higher capital expenditure of \$31.5 million for the nine months to September 2024 compared to \$6.5 million in 2023.

The NFM's unaudited results for the nine months to September 30, 2024 showed that the company continued its strong performance recording a profit of \$38.3 million as compared to \$26 million for the comparative period in 2023 and \$35.4 million for its financial year ending December 31, 2023 NFM chairman Ashmeer Mohamed in his statement said while revenue declined 10 per cent year-on-year from \$431 million in 2023 to \$386 million in 2024, the cost of sales declined by 15.8 per cent to \$270 million in 2024, from \$320 million for the comparative period in 2023.

He noted this was attributable to favourable grain prices and prudent grain purchasing. The stability of expenses and a significant decrease in finance costs were also contributory factors.

Compared to its unaudited results as at September 30, 2023, then chairman Nigel Romano noted that for the first three quarters of 2023 the company earned revenue of \$431 million, a 16 per cent increase over the comparative period in 2022.

He said gross profit also increased from \$59 million in 2022 to \$110 million in 2023, yielding a gross profit percentage of 25 per cent, more in line with international benchmarks for businesses involved in the manufacture and marketing of flour and feed products.

“We earned a profit after tax of \$26 million, an increase of six per cent, which is also acceptable, but we still have work to do,” Romano had also stated.

According to the stockbrokage company WISE, (West Indies Stockbrokers Ltd) the NFM’s stock was down 12.37 per cent for 2024 up to December 27, 2024.

Regarding investments in plant and machinery for 2024, Mitchell outlined these were in packaging equipment in the food division of the business.

“You will observe that there has been a move to introduce more sustainable and consumer-friendly packaging. In all cases where upgrades are effected, we design the new lines to improve performance and overall efficiency. This means we reduced labour intensity and increased line output speeds to reduce the risk of injury to employees while improving line capacity. These ultimately resulted in a reduction in manufacturing costs,” he said.

The NFM was not without challenges in 2024.

The most significant were:

- Shipping disruptions: Delays and increased costs resulting from global logistics challenges, particularly from suppliers in East Asia and South America, affected the business quite significantly. These led to stock outages and reduced margins from products in our traded goods category.
- Influx of cheap imported flour, mainly from Turkey, continues to pose significant challenges to local manufacturers like NFM. Mitchell noted that Turkey is known for its highly subsidised agricultural and milling sectors, which enable its producers to export flour at extremely low prices to less

developed countries like T&T and the other Caricom jurisdictions.

Guyana recently applied to Caricom for an increase in the Common External Tariff (CET) for extra-regional flour products.

About NFM

NFM is incorporated in T&T, and was continued under the provisions of the Companies Act, 1995 on April 14, 1998.

The company's principal activities are the production and distribution of food products and animal and poultry feeds.

The Group's largest shareholder is National Enterprise Ltd (NEL), which owns 51 per cent of NFM's issued share capital. NEL is majority owned by the Government.