

## Food Empire's 1Q2019 net profit jumps 6.6% yoy with higher net profit margin of 10.7%

- Core operating performance remained strong with revenue of US\$70.7 million for 1Q2019; driven by sales growth in the Group's key markets.
- Higher net profit after tax of US\$7.6 million for 1Q2019.
- Group to continue its focus on market diversification, streamlining of business operations as well as mergers & acquisitions.

**Singapore, 10 May 2019** – Food Empire Holdings Limited (“**Food Empire**”, together with its subsidiaries, the “**Group**”), announced today its financial results for the three months ended 31 March 2019 (“**1Q2019**”).

### Financial Highlights

| US\$'000                            | 1Q2019   | 1Q2018   | Change (%) |
|-------------------------------------|----------|----------|------------|
| Revenue                             | 70,684   | 72,143   | (2.0)      |
| Gross profit                        | 28,433   | 29,009   | (2.0)      |
| Selling and distribution expenses   | (10,131) | (11,915) | (15.0)     |
| General and administrative expenses | (9,170)  | (8,842)  | 3.7        |
| Net profit after tax                | 7,577    | 7,107    | 6.6        |
| Gross profit margin (%)             | 40.2     | 40.2     | -          |
| Net profit margin (%)               | 10.7     | 9.9      | 80 bps     |

### Revenue by Markets

| US\$'000             | 1Q2019        | 1Q2018        | Change (%)   |
|----------------------|---------------|---------------|--------------|
| Russia               | 29,240        | 30,595        | (4.4)        |
| Ukraine              | 6,665         | 5,713         | 16.7         |
| Kazakhstan and CIS   | 9,072         | 9,714         | (6.6)        |
| Indochina            | 14,450        | 12,545        | 15.2         |
| Others               | 11,257        | 13,576        | (17.1)       |
| <b>Total Revenue</b> | <b>70,684</b> | <b>72,143</b> | <b>(2.0)</b> |

Revenue for 1Q2019 was US\$70.7 million, a year-on-year (“**yoy**”) decrease of 2.0% as compared to US\$72.1 million revenue recorded in 1Q2018. This is mainly due to the depreciation of the Russian Ruble and the Kazakhstan Tenge against the US dollar, which resulted in lower translated revenue. The average exchange rate was 56.8 Ruble per US dollar in 1Q2018 as compared to 65.7 Ruble per US dollar in 1Q2019. Notwithstanding this, the Group's core performance remained strong, driven by higher sales in local currency terms in the Group's key markets.

Gross profit margin held steady at 40.2% for 1Q2019.

Selling and distribution expenses were lower by US\$1.8 million or 15.0% from US\$11.9 million in 1Q2018 to US\$10.1 million in 1Q2019. The decrease was mainly attributed to lower advertising and promotion expenses.

General and administrative expenses increased by US\$0.4 million from US\$8.8 million in 1Q2018 to US\$9.2 million in 1Q2019. The increase was mainly attributed to higher manpower cost.

Pursuant to the above, the Group's net profit after tax for 1Q2019 was US\$7.6 million, a yoy increase of 6.6%.

As at 31 March 2019, the Group's balance sheet remained healthy with cash and cash equivalents amounting to US\$40.4 million.

Commenting on the Group's results, Mr. Tan Wang Cheow, Executive Chairman of Food Empire said, **"We are pleased to begin the new fiscal year with yet another positive set of results. Our core markets continued to deliver while our new markets remained resilient against a backdrop of global macroeconomic uncertainty. On a full fiscal year basis, we seek to grow our topline further, with the commitment of delivering greater value for shareholders."**

#### **Outlook**

The global economy is projected to grow at a slower pace for 2019, amidst uncertain financial market sentiment, trade wars and volatility of the currencies in the countries where we operate in. In spite of this, the Group expects business to remain resilient and it will continue to focus its efforts to grow key markets, streamline business operations and simplify its Group structure to achieve better operational efficiencies.

For the foreseeable future, the Group is committed in ensuring that the construction of its second coffee plant in India remains on track. Additionally, it continues to be active in looking out for suitable mergers & acquisitions opportunities.

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Incorporated in the Republic of Singapore



**About Food Empire Holdings Limited (Bloomberg Code: FEH SP)**

SGX Mainboard-listed Food Empire Holdings (Food Empire) is a global branding and manufacturing company in the food and beverage sector. Its products include instant beverage products, frozen convenience food, confectionery and snack food.

Food Empire's products are exported to over 50 countries, in markets such as Russia, Ukraine, Kazakhstan, Central Asia, China, Indochina, the Middle East, Mongolia and the US. The Group has 24 offices (representative and liaison) worldwide. The Group operates 8 manufacturing facilities in Malaysia, India, Myanmar, Vietnam, Russia and Ukraine.

Food Empire's products include a wide variety of beverages, such as regular and flavoured coffee mixes and cappuccinos, chocolate drinks and flavoured fruit teas. It also markets instant breakfast cereal, potato crisps and assorted frozen convenience foods.

Food Empire's strength lies in its proprietary brands – including MacCoffee, Petrovskaya Sloboda, Klassno, Hyson, OrienBites and Kracks. MacCoffee – the Group's flagship brand – has been consistently ranked as the leading 3-in-1 instant coffee brand in the Group's core market of Russia, Ukraine and Kazakhstan. The Group employs sophisticated brand building activities, localised to match the flavour of the local markets in which its products are sold.

Since its public listing in 2000, Food Empire has won numerous accolades and awards including being recognised as one of the "Most Valuable Singapore Brands" by IE Singapore (now known as Enterprise Singapore), while MacCoffee has been ranked as one of "The Strongest Singapore Brands". Forbes Magazine has twice named Food Empire as one of the "Best under a Billion" companies in Asia and the company has also been awarded one of Asia's "Top Brand" by Influential Brands.

For more information, please refer to: <http://www.foodempire.com>

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**Issued for and on behalf of Food Empire Holdings Limited.  
by Financial PR Pte Ltd**

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