CENTURY PACIFIC FOOD, INC.

Century Pacific posts 31% growth in net income; Revenues up 24% on the back of heightened demand for shelf-stable food

Century Pacific Food Inc. (CNPF), one of the Philippines' largest food companies, saw its first quarter net income up 31% versus same period last year, driven primarily by a 24% growth in consolidated revenues during the first three months of 2020.

Total topline for the period hit Php12.1 billion on the back of heightened demand in the month of March following the implementation of Enhanced Community Quarantine (ECQ) in various parts of the country.

In particular, sales of the branded businesses – Marine, Meat and Milk – were up 31% to Php10.1 billion, accounting for 83% of overall revenues. Growth was seen across all business units as majority of the Company's products are shelf-stable and consumed at home.

Revenues from the commodity-linked OEM export businesses, which accounts for the balance of 17% of overall sales, were largely flat year-on-year with some capacity being re-allocated to domestic requirements.

"During these challenging times, we recognize the importance of making our products as accessible as possible nationwide. Amidst logistical and operational challenges, we are able to run our factories and supply chain round the clock, thanks in part to the Department of Trade & Industry and the Inter Agency Task Force, as well as the agility and resourcefulness of our own team," said Oscar Pobre, CNPF's Chief Finance Officer.

Pobre added, "Much of the credit goes to our frontliners - in production, logistics, and sales - who have been working day-in and day-out to support our products' availability in retail stores and the various relief operations mounted by local government units, NGOs, and private sector. One of our top priorities is the health, safety, and well-being of these frontliners, alongside that of our other employees."

In the first quarter of 2020, the Company saw operating expenses jump significantly – up 46% - as it incurred additional costs in the implementation of employee assistance programs and enhanced procedures to ensure health and safety in the work place. These include various protective equipment and vitamins for employees, as well as transportation and dormitory services in some

facilities. Nearly 1 million food packs have also been given out to hospitals and communities severely impacted by COVID-19.

These incremental expenses were largely offset by subdued commodity prices and inventory hedges from the end of 2019 which helped the Company grow gross profit by 43% to Php3.1 billion and operating income by 30% to Php1.5 billion.

All in all, the Company ended the first quarter of 2020 with net income of Php1.04 billion, an increase of 31% versus the Php793 million reported in 2019.

"We continue to see heightened sales thru April, though at a more tempered pace relative to March. There are however still a lot of uncertainties as to what the balance of year will look like, including what the pandemic's effects will be on the broader economy and consumer demand. Nonetheless, employee welfare and product availability will remain our top priorities and we are taking the necessary steps - including hiring additional personnel, increasing our logistic capabilities, and ramping up safety and security in our facilities - to help address the requirements as best we can," said Pobre.

CNPF IR

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