



Extraordinary Resilience during Extraordinary Times

CNPF THIRD QUARTER 2021
RESULTS PRESENTATION
NOVEMBER 2021





LATEST FINANCIAL PERFORMANCE



9M 2021 FINANCIAL RESULTS HIGHLIGHTS



	TOTAL REVENUE GROWTH YoY	BRANDED REVENUE GROWTH YoY	OEM REVENUE GROWTH YoY	NET INCOME GROWTH YoY
9M	+12%	+6%	+36%	+21%
3Q	+21%	+13%	+49%	+22%

CONSOLIDATED REVENUES



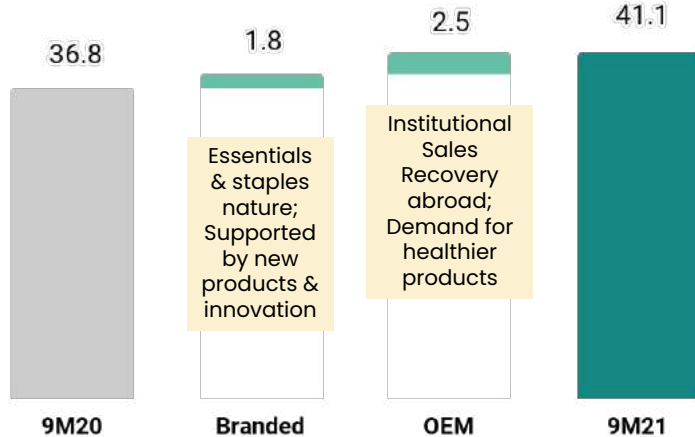
9M Revenue Growth Split

In PHP Bill



12% YoY

9M21 vs 9M20

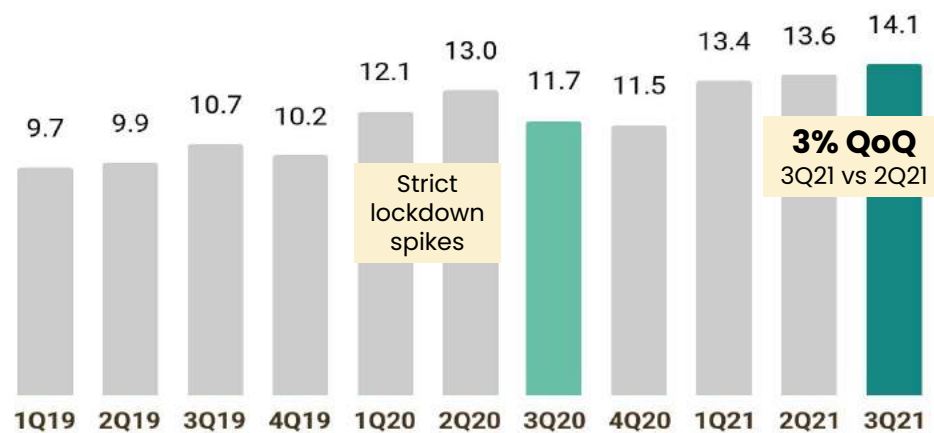


Quarterly Revenue Trend



21% YoY

3Q21 vs 3Q20

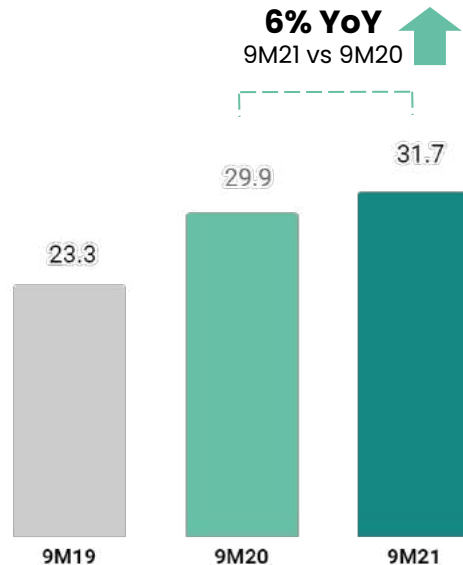


- **Peak revenues** achieved despite a high base last year and current macroeconomic challenges
- Topline growth driven by **resilient demand for consumer staples** and **continued surge in OEM export demand**

BRANDED REVENUES

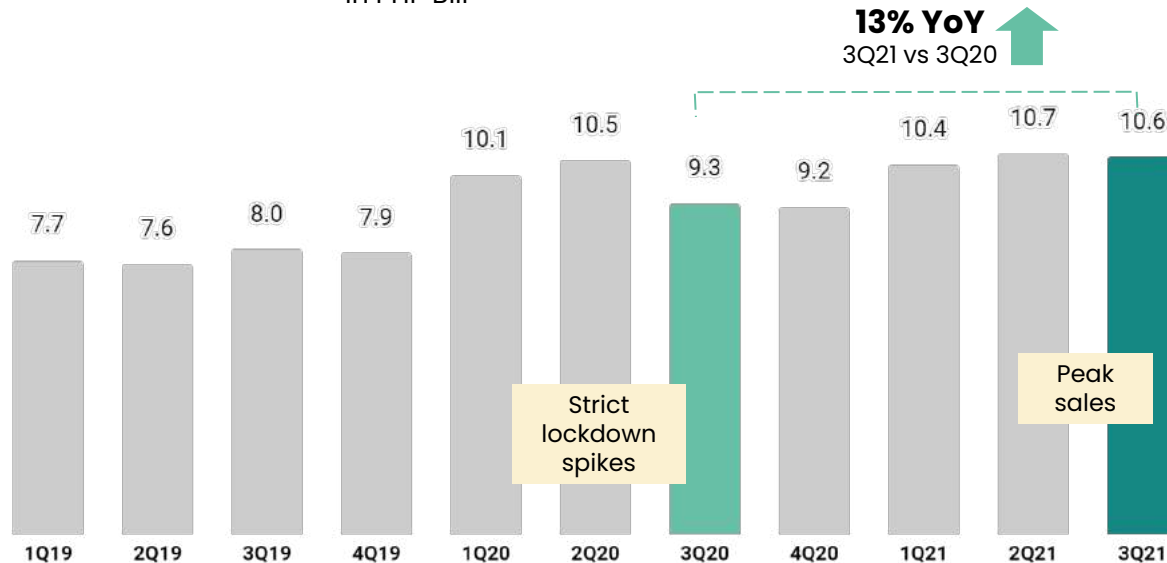


9M BRANDED REVENUE GROWTH



QUARTERLY REVENUE TREND

In PHP Bill

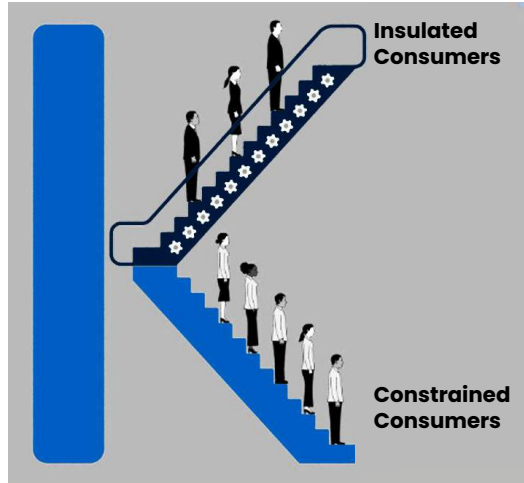


- **Resilient branded revenues** amounting to P31.7B driven by the essentials and staples nature of our portfolio, consumers prioritizing trusted, value-for-money brands and products, combined with a robust pipeline of product innovations and improved customer service level

RESILIENT DEMAND FOR OUR PRODUCTS



K-shape Recovery



Favorable shifts in consumer behavior



Value for Money

Diverse roster and affordable, value for money brands caters to price conscious consumers



Cooking at Home

Fastest-growing and key critical food categories are the ones where we either lead or actively participate in



Trusted Brands

Core brands are staples of Filipino in-home consumption, holding market-leading positions in core categories



Safety

Increased consciousness over safety and hygiene translates to preference for packaged products



Health & Wellness

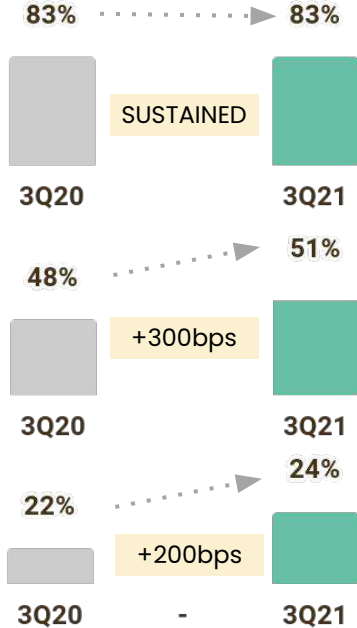
Actively communicating the health benefits of our products addresses the needs of health-conscious consumers

- Majority of Filipino consumers are feeling the financial impact of the pandemic, leading more people to prioritize spending -- **choosing value-for-money goods, cooking and dining at home for savings and safety, and gravitating towards brands that are safe and trusted.**

MARKET SHARES



Market Share Trends



Canned Tuna



Corned Meat



Powdered Milk

Share Performance Drivers

Diverse roster of brands that cut across multiple price tiers catering to different consumer segments

Consumers gravitated towards market leaders and trusted value-for-money brands amidst macroeconomic uncertainties

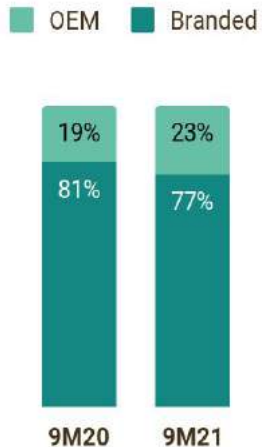
Ability to execute, improving customer service level, and expanded capacity to address heightened demand

- **Market share gains** reflect consumers' preference for well-known and trusted brands, and increased importance of excellent execution amidst logistical challenges

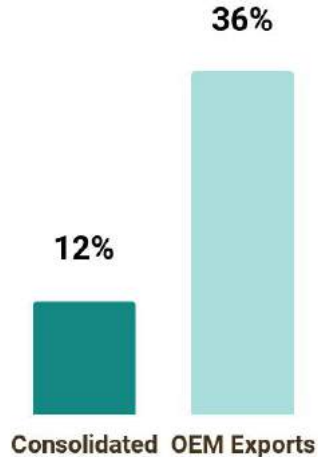
OEM EXPORTS REVENUE



Revenue Split

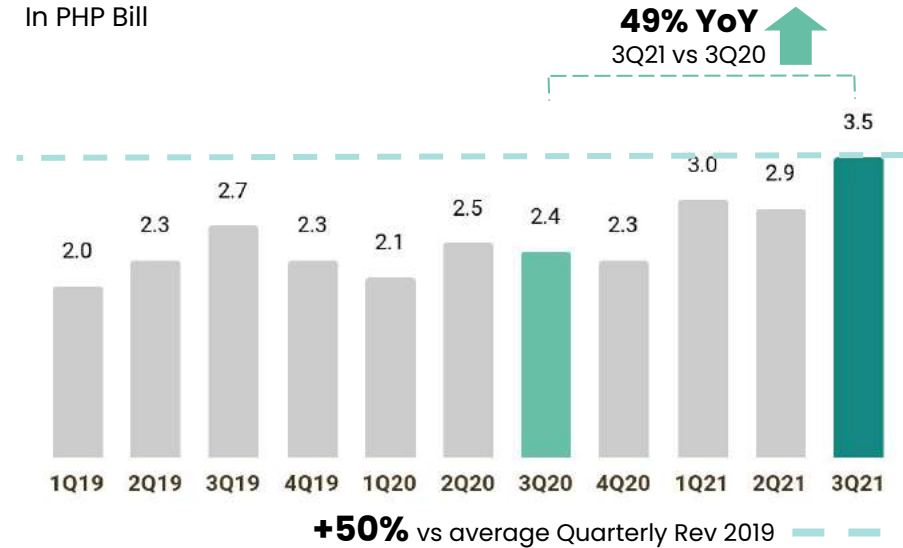


9M21 Revenue Growth



OEM Export Revenue Trend

In PHP Bill

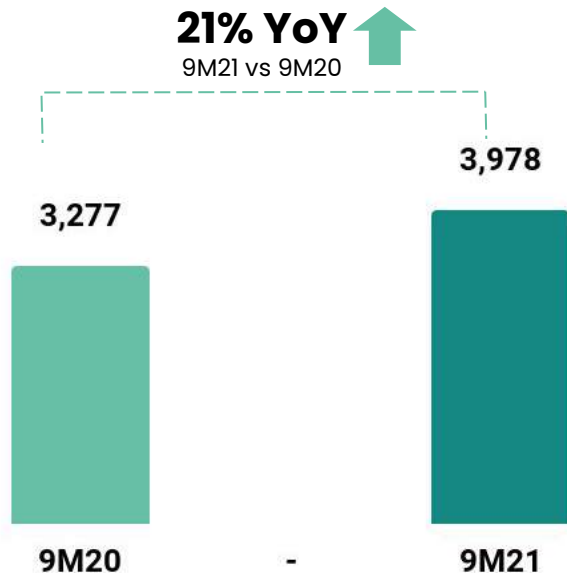


- Tuna export business a beneficiary of **global foodservice recovery** as global markets continue to reopen; Coconut demand heightened amidst need for healthier and **better-for-you products**
- Total OEM export sales higher than average pre-COVID demand driven by **expansion of global footprint**

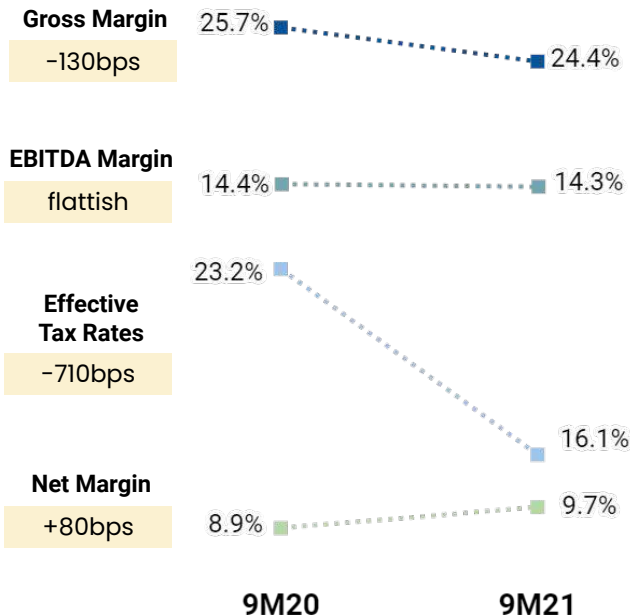
PROFITABILITY



Net Income & Net Margin



9M Margins & Tax Rates



Expected gross margin softening due to general rise of input prices globally

Sustained EBITDA margins due to the efficient management of costs

Lower effective tax rates due to CREATE law and ITH on new tuna plant

Net Margin expansion due to strong operational performance and beneficial tax rates

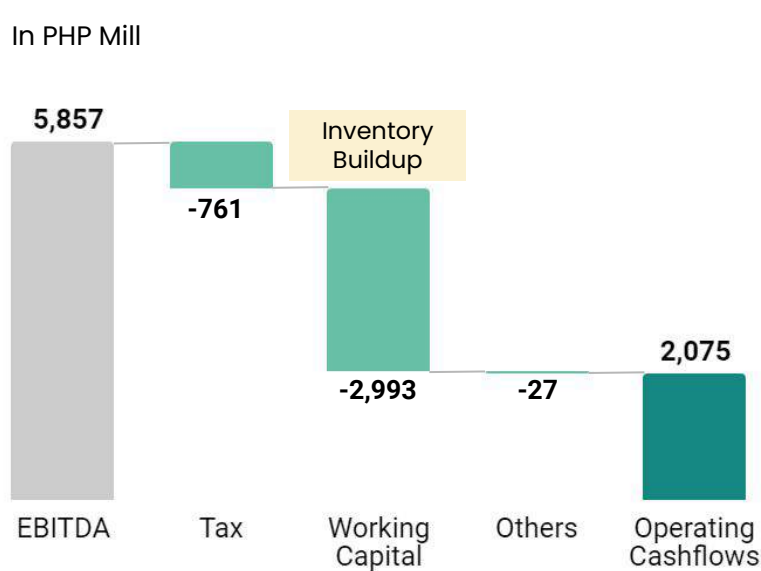
Net income posted a strong double-digit growth YoY despite high base and gross margin contraction due to robust sales, efficient operating performance, and beneficial tax rates

OPERATING CASH FLOWS



Operating Cash Flow Bridge

In PHP Mill



Cash Conversion Cycle



Inventory Days



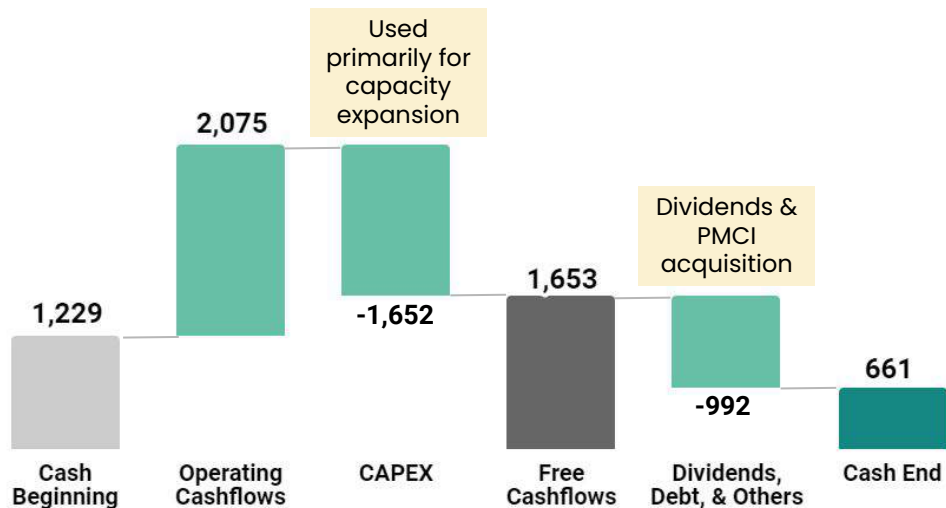
- Healthy cash flow generation driven by increased profitability and even with higher working capital due to **inventory buildup** in anticipation of further volatility in input prices

FREE CASH FLOWS



9M 2021 Cash Bridge

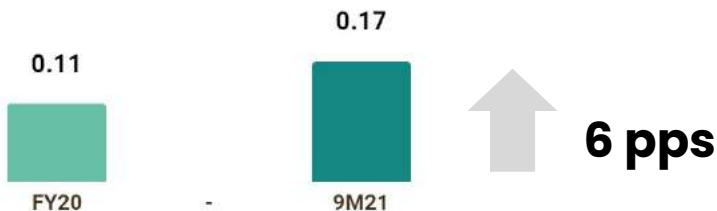
In PHP Mill



Gearing Ratio (x)



Net Gearing Ratio (x)



- Operating cash flows reinvested to ongoing capacity expansion in coconut and meat, sustainability initiatives, and new innovations
- Gearing ratio was largely maintained, despite the increase in interest-bearing debts, while net gearing increased as cash was reinvested in growth initiatives

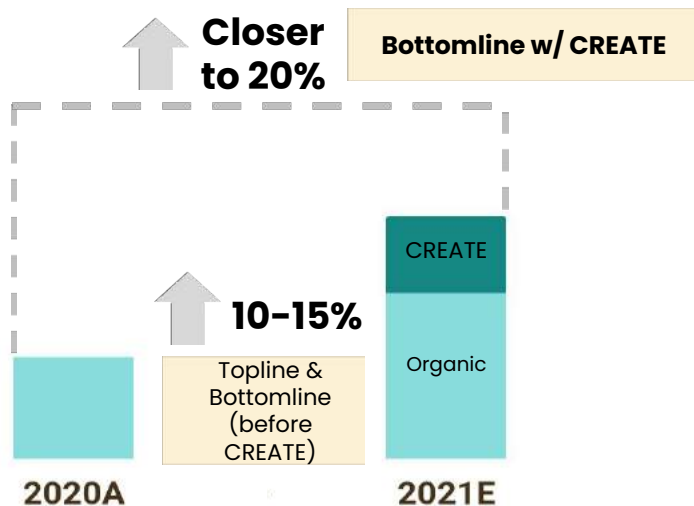
OUTLOOK & INNOVATIONS



OUTLOOK & GUIDANCE



2021 Guidance



2021 Growth Drivers

Resilient Demand for Core Branded

- Demand for essentials to remain resilient
- Steady growth also driven by favorable shifts in consumer behavior

OEM Export Recovery

- Recovery expected for tuna OEM; Maximize capacity of new plant
- Coconut benefiting from health trends; Much needed new capacity to go online in Q3

New Products & Emerging Categories

- Recent innovations gaining momentum; Full-year impact in 2021
- Roll out of other new products including refrigerated and chilled product-line beginning April 1

- Maintained 2021 target of growing organically by 10-15%; Upside from lower tax rates via CREATE lead to bottomline guidance of closer to 20%
- Continuously monitoring key risks; mitigating plans already in place

DAIRY PORTFOLIO EXPANSION



**Choco-malt
sarap!**
Hero power!

**P5.00
SRP**



LAKAS SUPPORT NUTRIENTS Vitamins B2, B3, B6, B12
LISTO SUPPORT NUTRIENT Iron
LIKSI SUPPORT NUTRIENTS Calcium, Vitamins D & C

with proper diet
and exercise

ENTRY IN PET FOOD



Goodest[®]
Cat

**It's not just good,
it's Goodest!**



PRODUCT INNOVATIONS



Core

Emerging

Marine and Meat



December 2020



June 2021

March 2021

Milk



April 2019



August 2020



October 2021

Coconut



September 2019

Culinary



April 2021



September 2020

Plant-Based



Institutional
October 2020;
Retail Feb 2021

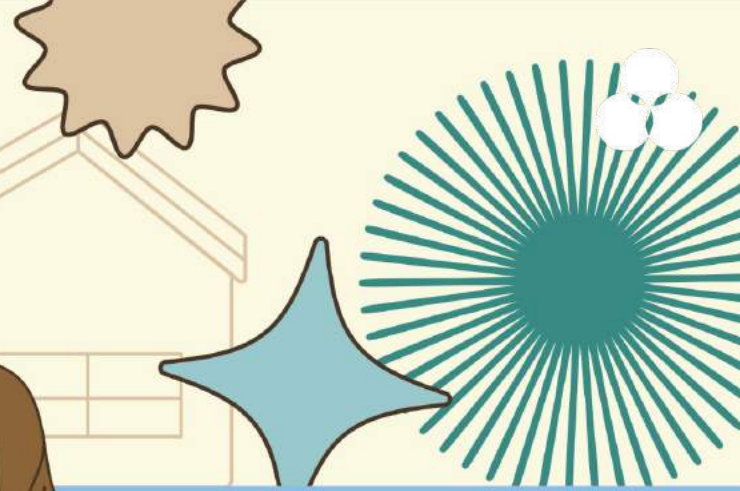
Pet Food



October 2021

Product innovations in line with mission of providing affordable nutrition to Filipinos

ANNEX





SUSTAINABILITY UPDATES

CERTIFIED PLASTIC-NEUTRAL BRANDS



Planet Preservation



**PLASTIC
NEUTRAL
COMPANY**



**PLASTIC
NEUTRAL
BRAND**

plasticcreditexchange.com



POWERED BY CLEAN ENERGY



Planet Preservation



Completed the commissioning of 5.2 MW solar plant in General Santos last June 2021, allowing the offset of 6,000 MT of CO₂ annually

Sourcing more than 60% of total power requirements of tuna and coconut facilities from clean energy sources (solar & hydroelectric)



OTHER FINANCIALS



9M 2021 SUMMARIZED P&L



In PHP Mill	9M 2020	9M 2021	Change YoY
Net Revenues	36,794	41,083	12%
Cost of Sales	27,352	31,054	14%
Gross Profit	9,442	10,029	6%
Operating Expenses	4,855	5,379	11%
Operating Income	4,482	4,882	9%
EBITDA	5,295	5,857	11%
Financing Cost	215	143	-33%
Income before Tax	4,267	4,739	11%
Income Tax	990	761	-23%
Net Income	3,277	3,978	21%
Earnings per Share	1.08	1.29	20%
Margins (%)			
Gross Profit	25.7%	24.4%	-1.3 pps
Operating Expenses	13.2%	13.1%	-0.1 pps
Operating Income	12.2%	11.9%	-0.3 pps
EBITDA	14.4%	14.3%	-0.1 pps
Net Income	8.9%	9.7%	+0.8 pps

- Revenues grew double-digit **despite a high base** last year
- Branded up 6% as **demand remains resilient**, driven by essentials nature of portfolio
- **Faster reopening in other countries** drive OEM 36% higher

- **EBITDA growth tracking topline** performance
- Profits to be reinvested in **capacity expansion programs, sustainability initiatives and upcoming innovations**
- **Earnings momentum at +21%**, thanks in part to benefits of CREATE

- Beefed up inventory covers amidst anticipated volatility and global supply chain pressures

9M 2021 SUMMARIZED CASH FLOW



In PHP Mill	9M 2020	9M 2021
Profit before Tax	4,267	4,739
Depreciation & Amortization	813	974
Working Capital Change	1,142	(2,993)
Income Tax	(990)	(761)
Others	241	116
OPERATING CASH FLOWS	5,473	2,075
Additions to PPE	(1,428)	(1,652)
INVESTING CASH FLOWS	(1,410)	(2,186)
Interest Paid	(215)	(143)
Change in Debt	(1,975)	(206)
Dividends	(1,275)	(1,275)
FINANCING CASH FLOWS	(3,659)	(458)
NET CHANGE IN CASH	404	(569)
CASH, ENDING	2,012	661
FREE CASH FLOW	4,045	423

- Increase in working capital due to **buildup of inventory covers and lower payables for supply management**

- Strong cash generation helped by **healthy profitability and lower tax rates**

- Capital expenditures primarily for **expansion of coconut and meat business units**

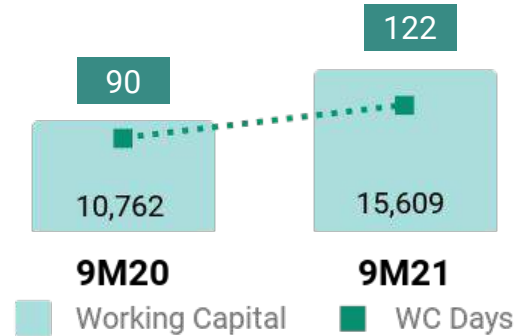
- Decline in financing cost due to **lower interest rates**

WORKING CAPITAL DETAILS

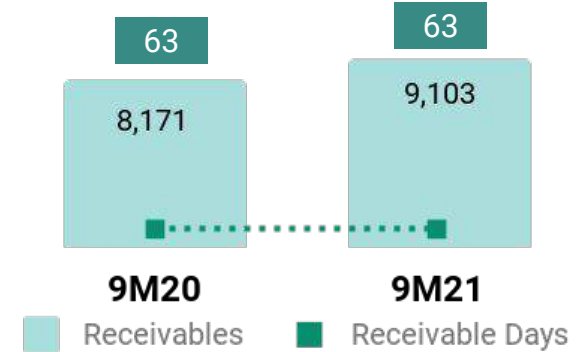


- Cash conversion cycle lengthens to 122 days due to **increase in inventory and reduction in payables**
- Build-up of inventory driven by increase in **raw material and packaging covers**
- **Reduction in payables** done as part of supply security management
- **Strict monitoring of receivables** amidst current economic conditions resulting in maintained receivable days despite increasing receivables

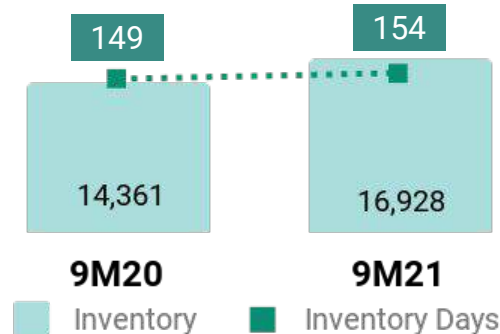
WORKING CAPITAL



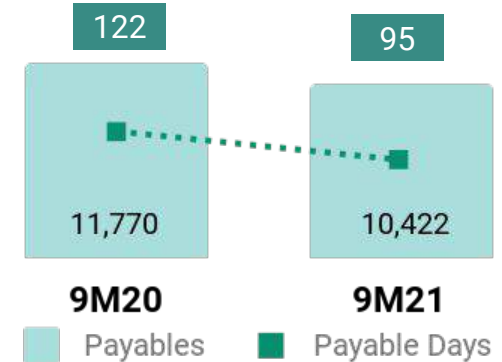
RECEIVABLES



INVENTORY



PAYABLES



9M 2021 SUMMARIZED BALANCE SHEET



In PHP Mill	FY 2020	9M 2021
Cash	1,229	661
Receivables	7,600	9,103
Inventory	14,313	16,928
Current Assets	23,973	27,426
PPE	7,291	8,311
Non-Current Assets	12,303	13,557
TOTAL ASSETS	36,276	40,982

- Uptick in **cash conversion cycle** to 122 days versus 104 days as of end 2020
- Increase in PPE driven by **capacity expansion in coconut and meat**

In PHP Mill	FY 2020	9M 2021
Trade and Other Payables	9,671	10,442
Notes Payable - Current	3,533	2,700
Long-Term Loan	0	2,000
TOTAL LIABILITIES	14,840	16,870
Retained Earnings	12,894	15,572
TOTAL EQUITY	21,436	24,112
BVPS (PHP/share)	6.05	6.81

- Interest-bearing loans totaling PHP4.7 billion **all peso-denominated**
- 9M 2021 consolidated **net income** of PHP4.0 billion

FINANCIAL RATIOS



Gearing (x)

0.16



FY20

-

0.19



9M21

- **Comfortable level** of gearing ratios maintained

Net Gearing (x)

0.11



FY20

-

0.17



9M21

- **Higher net gearing** due to cash being reinvested in growth initiatives

Current Ratio (x)

1.74



FY20

-

2.02



9M21

- Increase in current ratio due to **higher inventory and lower payables**

Return on Equity

19.10%



FY20

-

20.20%



9M21

- **Attractive return ratios** with ROE in the 20s



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