

CNPF sustains double-digit sales momentum in 3Q22 led by the Branded segment as demand for affordable staples remains resilient

- Year-to-date consolidated revenue growth at 14% year-on-year, driven by the 17% increase in the Branded business
- 3Q22 topline up by 13% as Branded outperforms with a 15% growth year-on-year
- Net income grows by 6% year-on-year on the back of sustained gross margins

Century Pacific Food, Inc. (PSE:CNPF), one of the leading branded food and beverage companies in the Philippines, posted a 13% topline growth in the third quarter of 2022 on the back of resilient domestic demand and the continued recovery of its OEM exports business.

Consolidate revenues for the first nine months of the year amounted to Php 47.0 billion, increasing by 14% from the same period last year. The performance was primarily driven by the Company's Branded business, which comprised the majority of its sales.

Composed of Marine, Meat, Milk, and other emerging businesses, the Branded segment outperformed, clocking in a growth of 17% year-on-year for the nine-month period, demonstrating resilience in consumer demand.

The OEM Tuna and Coconut exports business, hindered by high shipping costs earlier in the year, has recovered, registering a growth of 5% in 9M22 on top of last year's high base driven by improving freight rates, easing supply chain pressures, and favorable movements in commodity prices.

"Volatile operating conditions and uncertainty set the scene in 2022, but these were cushioned by the Philippine economic reopening and a receding pandemic. As such, the economy continues to rebound, but Filipino families are still prioritizing their spending," said CNPF's Chief Financial Officer, Richard Manapat.

He added, "As a food company that endeavors to deliver affordable nutrition, we have a wide array of brands that cuts across multiple price tiers – from value for money to mass market, all the way up to affordable premium. In this way, we're able to provide food options that cater to varying consumer needs."

CNPF is home to market-leading brands and household names such as *Century Tuna*, *555*, *Argentina*, and *Birch Tree*.

In terms of profitability, CNPF was able to sustain its year-to-date gross margins at 24.5%, posting a 10 basis point increase from the comparable period last year despite elevated input prices. The increase was largely due to the favorable impact of an outperforming Branded business. On a sequential basis, the

Company continued to see a softening in gross margins driven by the increase in prices of key raw materials and packaging quarter-on-quarter.

Year-to-date operating expenses as a percentage of sales landed at 14.1%, expanding by 90 basis points versus the same period last year, driven by the continued support for recently launched innovations and demand-generating activities, investments in brand-building and the organization, and higher logistics cost. The increase was partially offset by cost optimization programs undertaken by the Company.

As a result, earnings before interest, taxes, depreciation, and amortization for 9M22 was at Php 6.5 billion, with margins at 13.7%, posting a 50 basis point contraction year-on-year but still growing by 10%.

Overall, with an effective income tax rate of 17.5%, CNPF's net income after tax for the period registered at Php 4.2 billion, posting a growth of 6% year-on-year.

Manapat shared, "On the whole, we are grateful for the results delivered by the team amidst these extraordinary times – a clear demonstration of the resilience of the Filipino. Nonetheless, we are keeping a close watch on the operating environment. As we adjourn 2022, we look towards posting decent growth and returns by year end."

"2023 is on the horizon, and plans are underway. We continue to see higher costs working their way into the system. While conditions remain uncertain at this point, we have full confidence in our brands, our team, and business model to remain resilient," Manapat concluded.

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