

**CNPF delivers resilient growth despite a high base and inflationary pressures in 1Q23;  
Revenues increase by 6% and EBITDA improves by 7% year-on-year**

- *Earnings before interest, taxes, depreciation, and amortization (EBITDA) as a percentage of sales was sustained at 14.7%, modestly improving by 20 basis points year-on-year, on the back of optimized OPEX spending.*
- *As expected, gross margin contracted to 23.6%, due to the inventory carryover from 2022, but efficient operations led to a sustained net profit margin of 9.6%.*
- *Sales reached Php 15.6 billion in 1Q23, growing by 6% year-on-year and 13% compounded annually for 5 years, supported by a resilient Branded business.*

**Century Pacific Food, Inc. (PSE:CNPF)**, one of the largest branded food and beverage companies in the Philippines, posted its unaudited financial performance for the first quarter of 2023. In the face of inflationary pressures, the Company's EBITDA grew by 7% year-on-year, amounting to Php 2.3 billion. EBITDA as a percentage of sales was at 14.7%, modestly improving by 20 basis points versus the same period last year on the back of optimized OPEX spending.

Consolidated revenues remained resilient, hitting Php 15.6 billion in the first quarter and demonstrating a positive growth momentum, despite high bases set during the pandemic. This resulted in a 5-year compounded annual growth rate of 13% and an underlying growth rate of 6% versus the comparable period last year. CNPF's increase in sales for the first quarter was bolstered by the performance of the Branded segment.

Composed of Marine, Meat, Milk, and other emerging segments such as Pet Food, Coconut, and Plant-based Alternatives, the Branded segment comprises the majority of CNPF's topline and is the primary growth driver of the business. The segment saw peak quarterly sales for the 3-month period, with Branded sales up by 7% year-on-year. This followed a high base in 1Q22, a period that saw a lift in sales due to the spread of the Omicron variant and the aftermath of Typhoon Odette. Nonetheless, supported by a resilient local demand for value for money goods, Branded revenues clocked in at Php 15.6 billion, implying a 5-year compounded annual growth rate of 14%.

Meanwhile, the revenues of CNPF's OEM exports segment amounted to Php 2.6 billion, sustained and growing by 1% compared to the same period last year amidst persisting supply chain pressures from 2022.

Chad Manapat, CNPF's Chief Finance Officer, said, "Entering the year, we were mindful of the challenges ahead – from supply constraints in one of our business units to macroeconomic headwinds and the carryover inventory from 2022. Century Pacific's 1Q23 performance speaks to the all-weather nature of our portfolio, led by the outperforming Milk and Other Emerging businesses, and to the dedication of the team in navigating through headwinds."

In a previous statement, CNPF alluded to an inventory carryover from 2022. Thus, as expected, its gross margin landed at 23.6%, contracting by 230 basis points versus the first 3 months of 2022. However, discretionary spending was optimized, leading operating expenses as a percentage of sales to contract to 11.5% in the first quarter of 2023 versus the same period last year. These trickled down to a net income after tax of Php 1.5 billion for the quarter, which increased by 6% year-on-year, in lockstep with topline growth. Hence, CNPF's net profit margin was sustained at 9.6%, despite another complex operating period.

From its solid EBITDA performance, CNPF saw strong cashflow generation for the period with operating cashflows amounting to Php 1.9 billion. The Company ended the quarter with Php 3.4 billion in cash, which will be partially allocated to CAPEX investments for the year and used to fund its early release of Php 1.4 billion in dividends to provide its shareholders with a healthy return.

CNPF likewise continued to move forward with its sustainability initiative as a part of its commitment to embrace more responsible business practices. Its flagship brand, Century Tuna, launched *Saving Our Seas*, a program aimed to promote the circular economy through a series of clean ups in coastal areas and setting up of plastic waste collection points, partnering with the impact organization HOPE and its Aling Tindera Waste-to-Cash program. The group likewise earmarked resources for the expansion of its solar plant in Mindanao.

“We are grateful and reassured by the company’s consistent growth performance in the first quarter, but we recognize that the business landscape remains dynamic. Thus, we remain cautiously optimistic about the rest of the year and are putting in the work to deliver a double-digit topline growth for 2023. We will continue to prioritize strategic investments, pursue operational efficiencies, and engage in more responsible business practices to propel us forward as we strive to fulfill our mission of providing affordable nutrition, driving positive change, and delivering sustainable returns.”