



# Charting the Path to Resilience & Growth

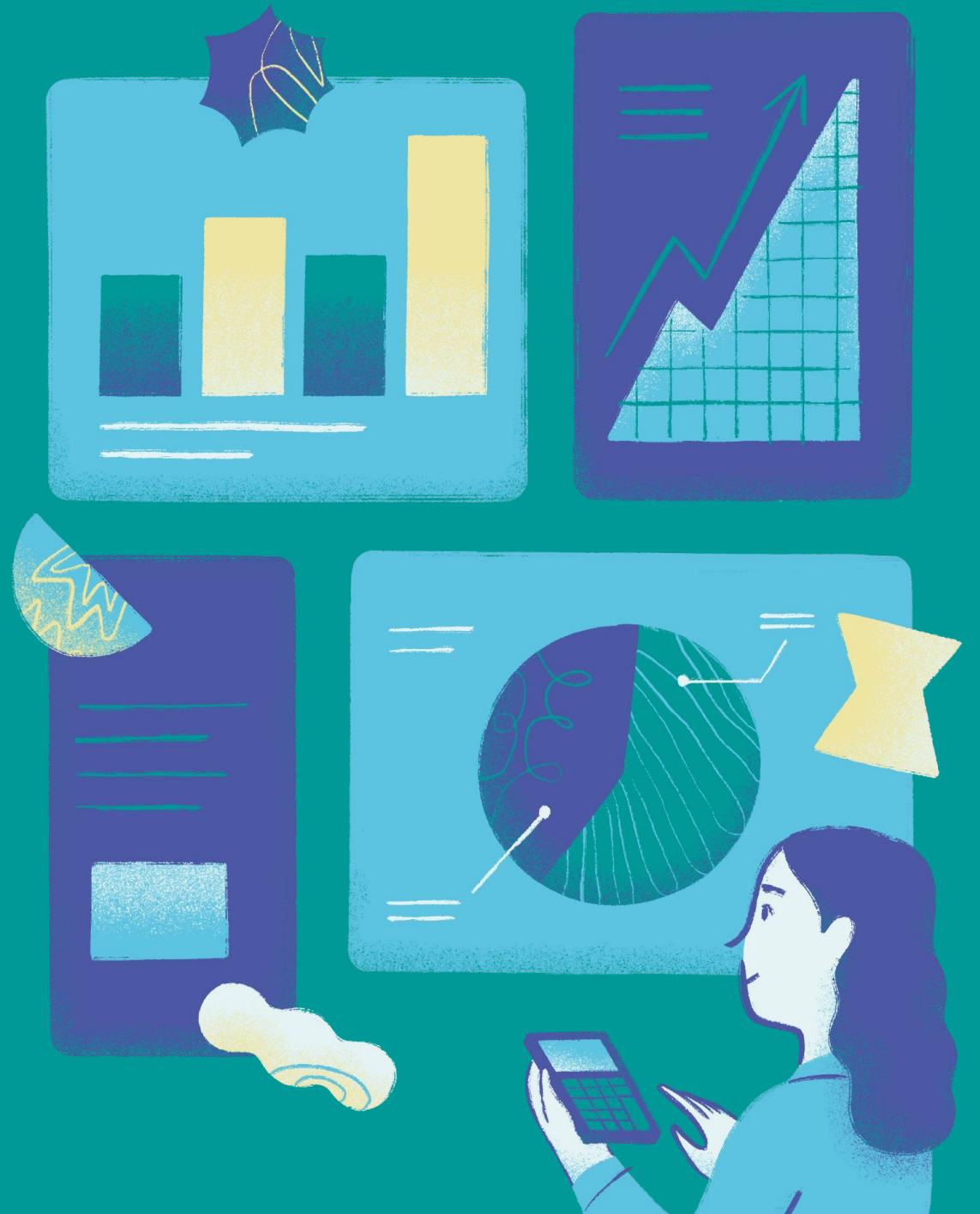
CNPF FY23 RESULTS PRESENTATION

APRIL 2024

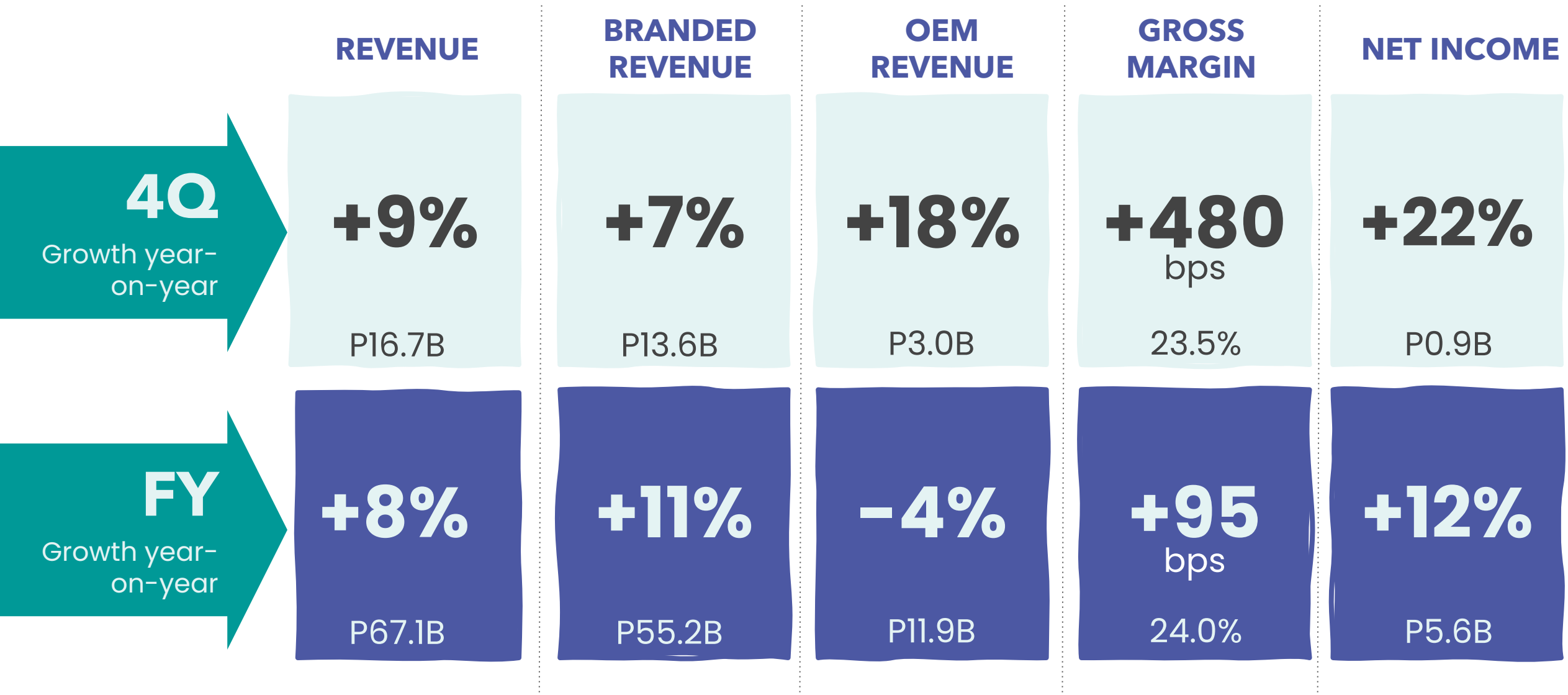




# LATEST FINANCIAL PERFORMANCE



# FY 2023 FINANCIAL RESULTS HIGHLIGHTS

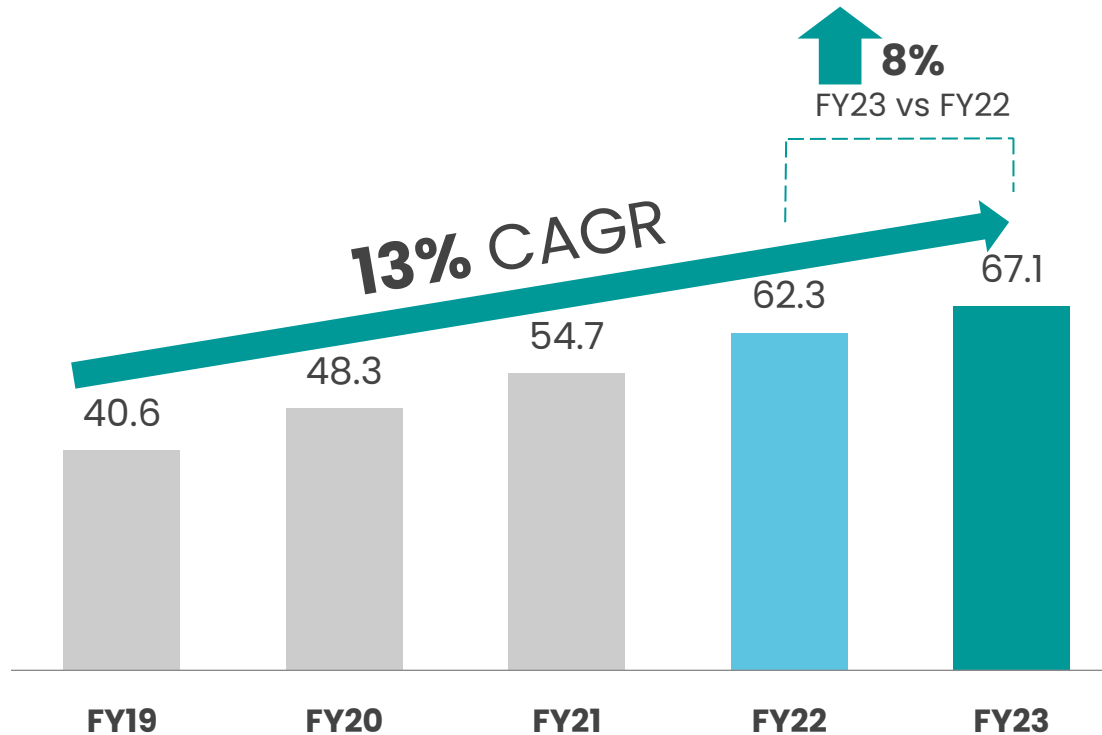


# DELIVERS CONSISTENT GROWTH OVER THE YEARS THROUGH ITS DIVERSIFIED PORTFOLIO

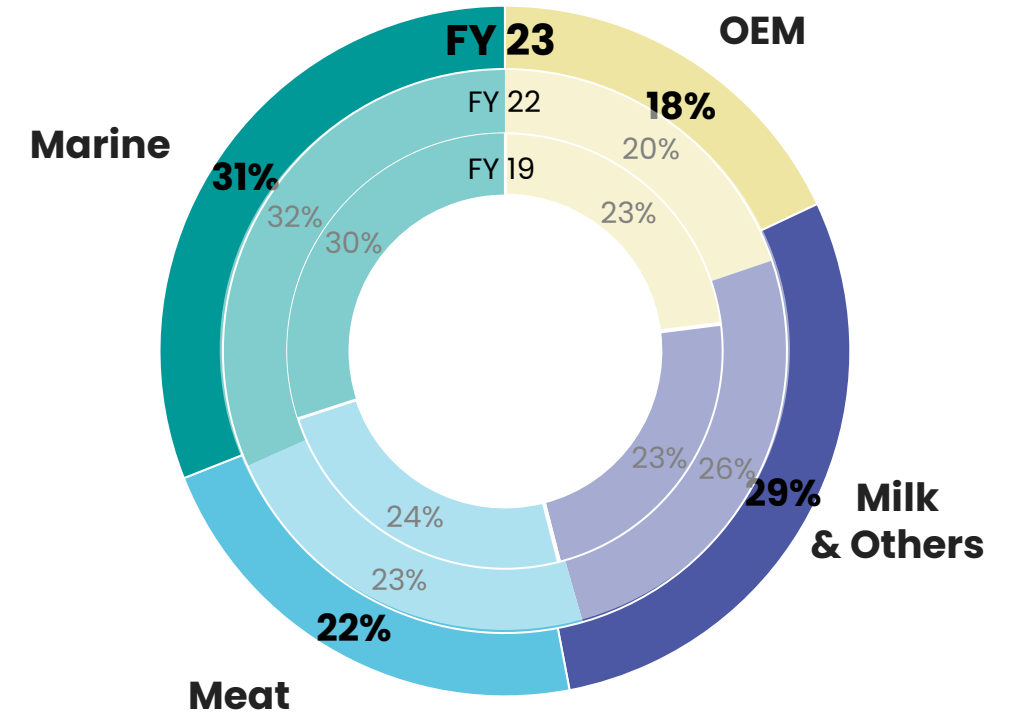


## Sustained revenue growth performance year-on-year

In PHP B

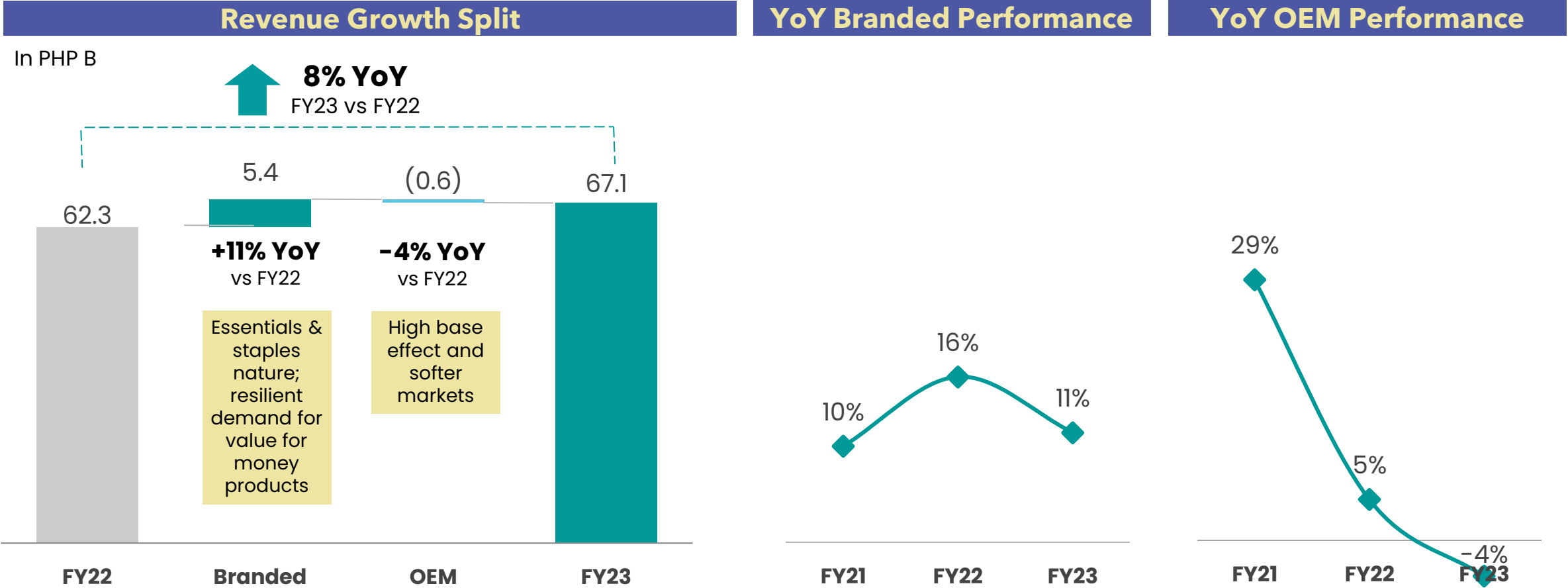


## Well-diversified Branded and OEM portfolio



**Consistent performance** can be attributed to CNPF's strategy of continuously strengthening its core business, Branded Marine and Meat, and investing in emerging Branded businesses such as Milk.

# REVENUE GROWTH FUELED BY BRANDED, OUTWEIGHING SOFTNESS IN OEM



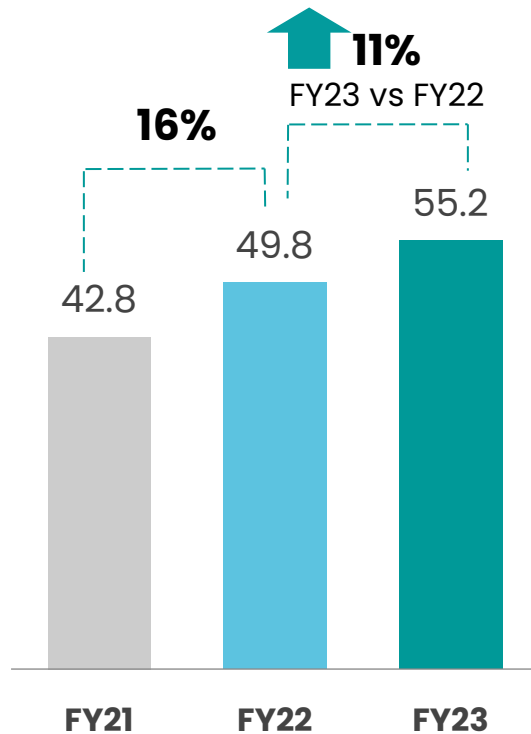
Despite coming from a high based in 2022, **CNPF's topline increased**, primarily driven by the company's resilient business model and the sustained demand for value for money products and staples

# RESILIENT BRANDED REVENUE GROWTH DESPITE VOLATILE MARKET LANDSCAPE AND A HIGH BASE



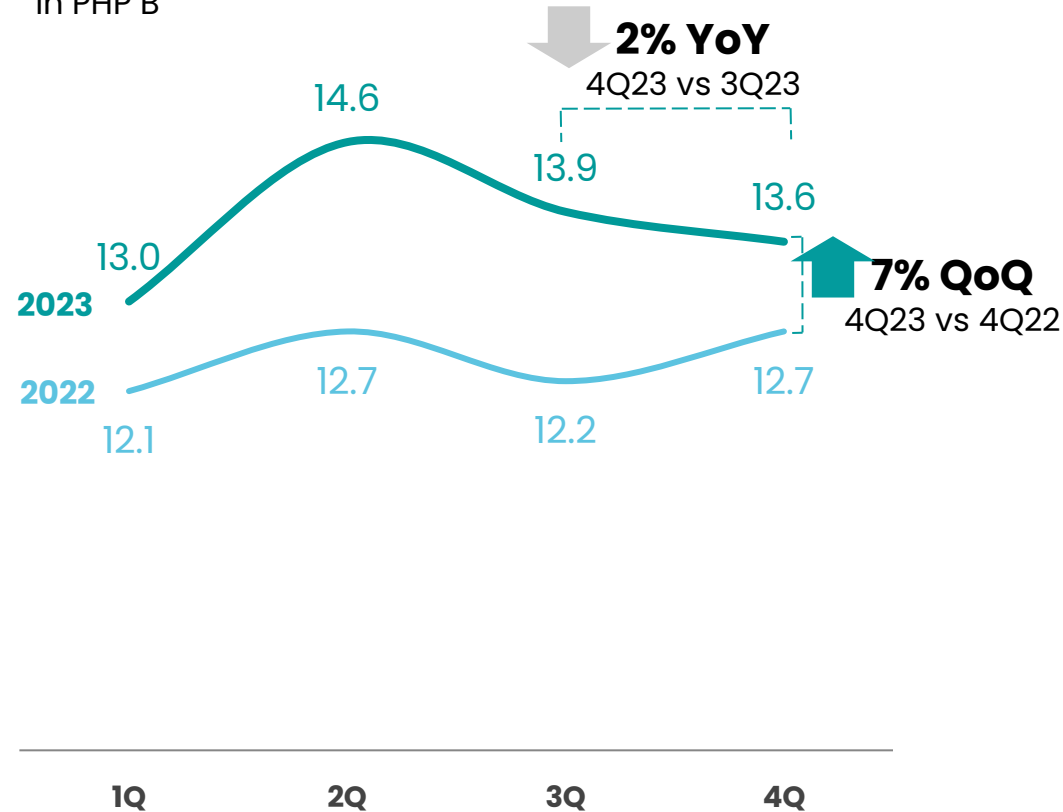
## FY Branded Revenues

In PHP B

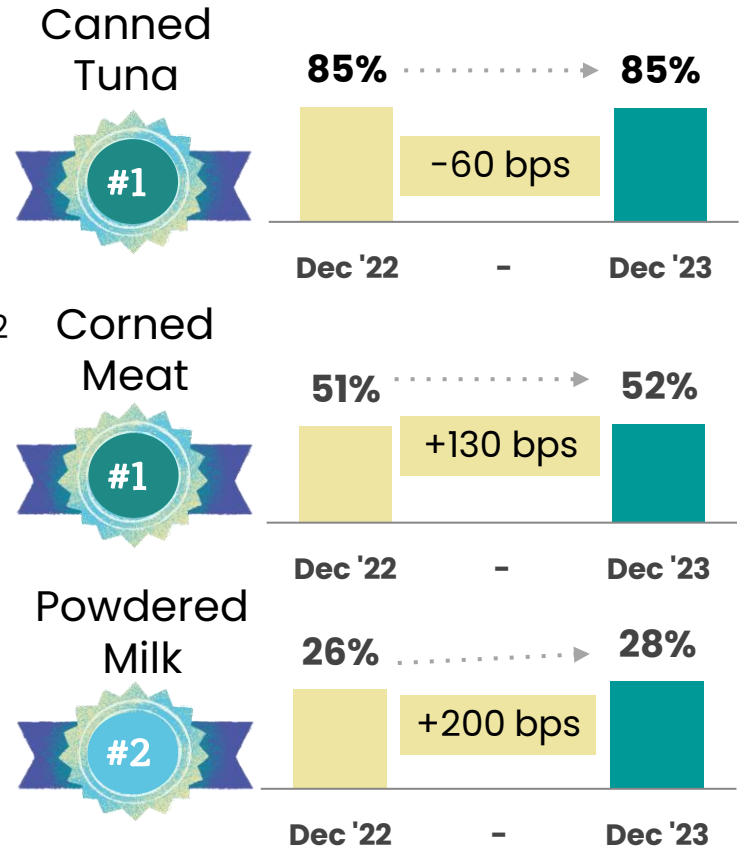


## Branded Revenue Trend

In PHP B



## Strong Market Position



**Branded revenues** amounted to P55.2B in 2023, **delivering growth** supported by **resilient domestic demand** for consumer staples and value for money goods

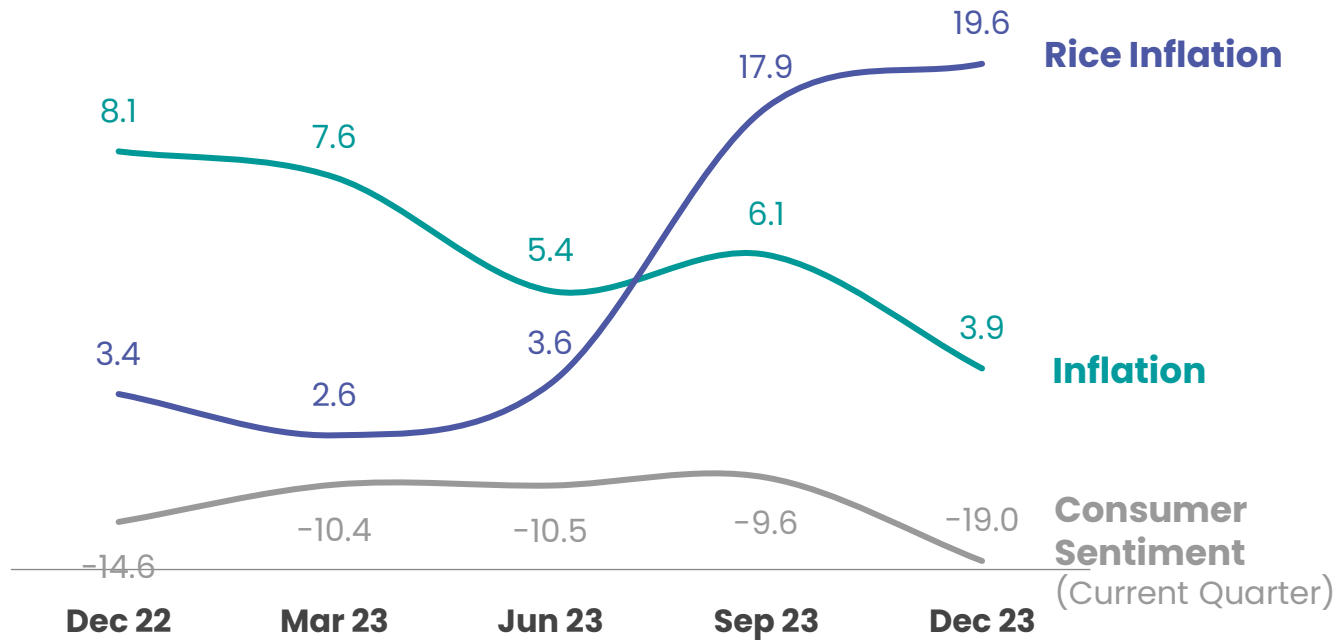


# CONSUMER BEHAVIOR AND SENTIMENT DRIVEN BY INFLATION



**Consumer Sentiment Softens Even As Inflation Eases  
Due To Stickiness of Rice Inflation**

**Keeping a Relevant Value Proposition  
Amidst Varying Market Conditions**



## **Provide Value-for-Money Offerings**

Consumers opt for more affordable and accessible brands and products



## **Communicate Convenience & Accessibility**

Consumers need easy meal prep solutions as they return to offices and children go back to school



## **Harp on Health & Wellness to Strengthen Brand Equity**

Consumers prefer time-tested and proven brands that deliver good value and address key consumer needs consistently

# ALL-WEATHER MULTI-BRAND PORTFOLIO STRATEGY DESIGNED TO PROVIDE AFFORDABLE NUTRITION



KEY SEGMENTS	VALUE FOR MONEY	MASS MARKET	AFFORDABLE PREMIUM
Marine	 	   	 
Meat & Plant-Based	 	  	 
Milk, Coconut, & Others		   	  

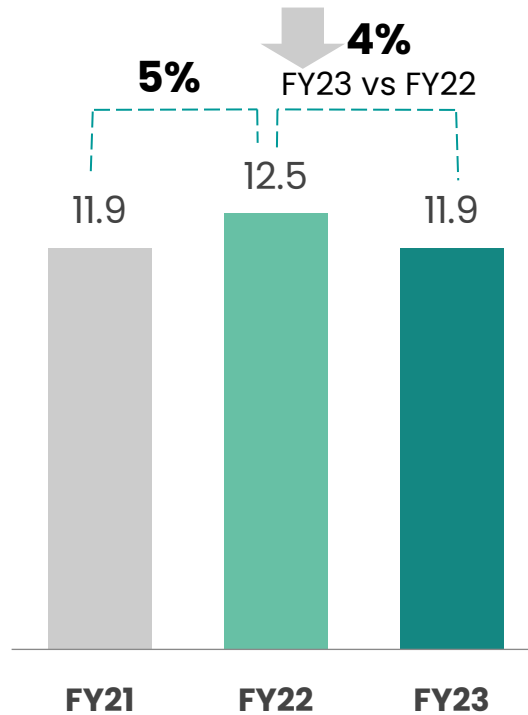


# OEM TOPLINE DIPS DUE TO HIGH COMPARABLE BASE, SUPPLY CHAIN BOTTLENECKS, AND SOFTER MARKETS



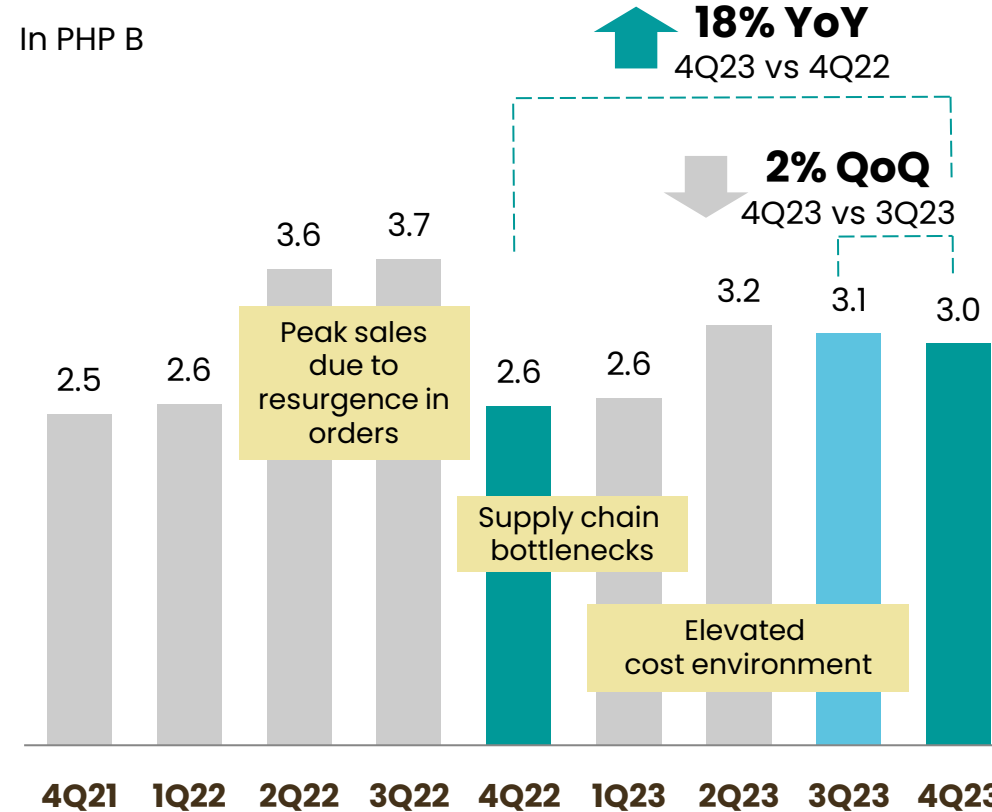
## FY OEM Revenues

In PHP B



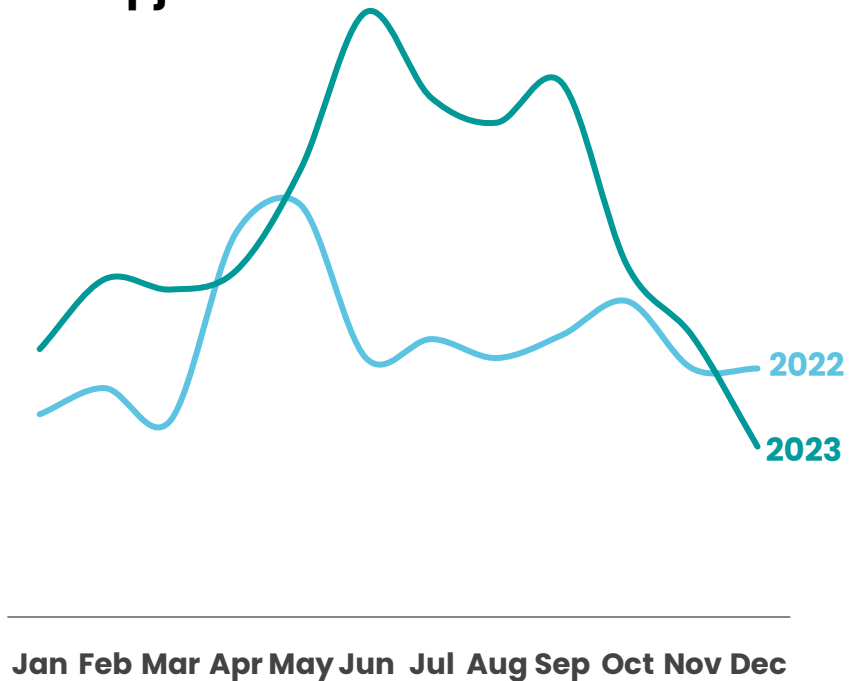
## OEM Revenue Trend

In PHP B



## Easing Commodity Prices by Year-end

### Skipjack Tuna Price Trend



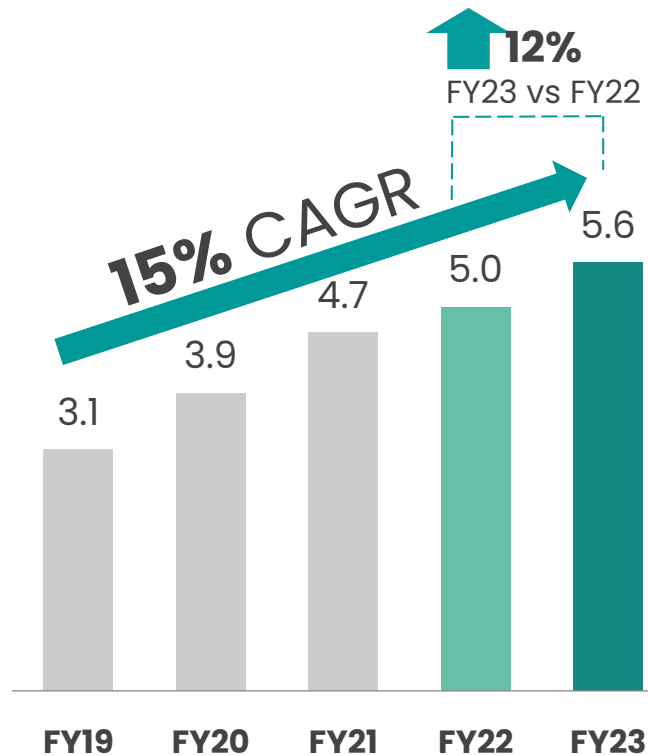
OEM revenues at P12.0B in 2023 posted a slight decrease, with **softer markets** due to an elevated cost environment during the first half of the year.

# DELIVERS BOTTOMLINE GROWTH AND MARGIN EXPANSION AS INFLATIONARY PRESSURES BEGIN TO EASE



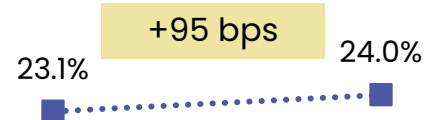
## Continuous Profit Growth

In PHP B



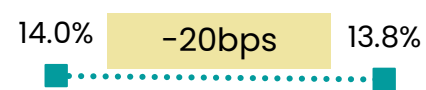
## Margin Expansion

### Gross Margin



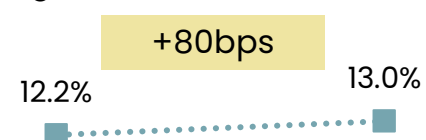
Higher gross margin YoY due to improving input costs in 2H, mitigating high carryover 1H inventory from 2022

### OPEX to Sales



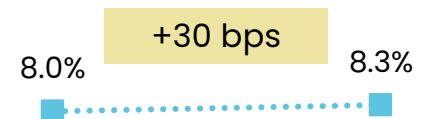
Efficient OPEX management with accelerated spending in 2H after streamlined discretionary spending in 1H

### EBITDA Margin



Higher EBITDA margin YoY due to gross margin expansion and OPEX efficiencies

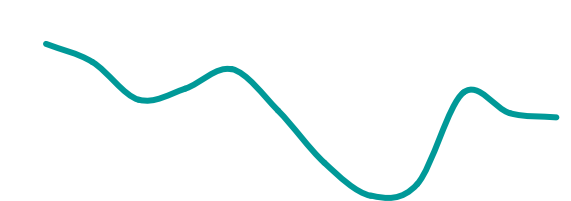
### Net Margin



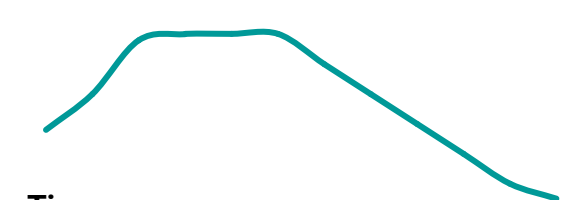
Decent net margin improvement YoY as EBITDA margins flowed through to bottomline

## Improving Input Costs

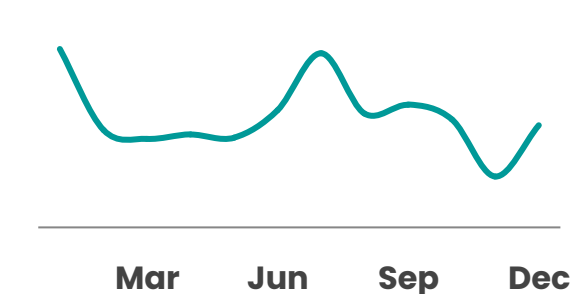
### Milk



### Tuna



### Tin



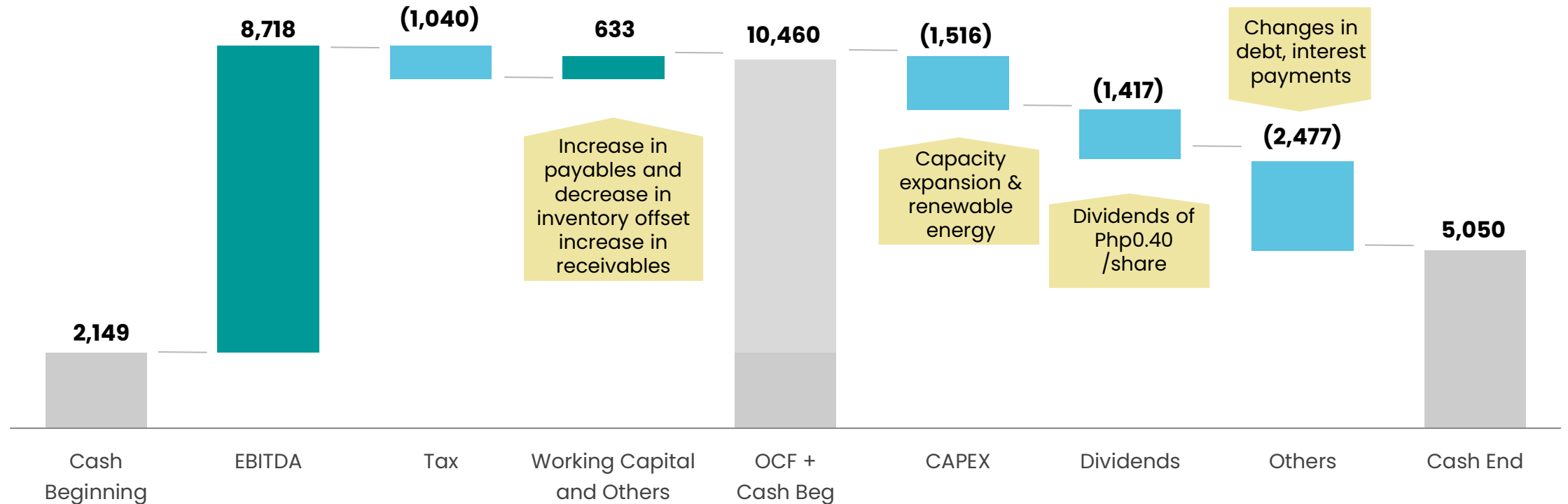
Resilience in topline growth, coupled with improving commodities and efficient spending led to resilient bottomline growth and moderate net profit margin expansion

# HEALTHY CASH FLOWS FUND CAPITAL EXPENDITURES AND ALLOW FOR HIGHER DIVIDEND PAYMENTS



## FY 2023 Cash Flows

In PHP M



CNPF ended FY23 with a strong cash position to reinvest in growth and capacity expansion in 2024.

# KEY TAKEAWAYS

## CONSISTENT, PROFITABLE GROWTH IN 2023 DELIVERED BY AN ALL-WEATHER BUSINESS MODEL

Topline growth  
spurred by double-  
digit growth of the  
Branded business

Faster net income  
growth from  
favorable  
commodities and  
efficient OPEX  
management

Primed for  
reinvestment in  
2024 due to strong  
cash flow  
generation





# BUSINESS HIGHLIGHTS & FY 2023 OUTLOOK



# STEADFAST IN OUR STRATEGIC GROWTH PILLARS



STRENGTHEN  
THE CORE

DIVERSIFY

FUTURE-  
PROOF

PROSPER  
SUSTAINABLY





# STRENGTHENING THE CORE BY INCREASING CONSUMPTION



## Brand-Building Market Development Campaign for Century Tuna



- Century Tuna released an endorser-led campaign inspiring consumers to embrace a healthy lifestyle through easy and convenient food solutions.

## Value-for-Money Offerings & On-Ground Activations in Meat



- Argentina provided consumers with relevant pack sizes and rolled out activations to generate awareness and trial to support innovations.

# DIVERSIFYING THE BUSINESS BY GROWING THE MILK SEGMENT



Strengthening Value Proposition of Milk and Entering White Spaces to Further Drive Growth

**Birch Tree**  
FORTIFIED

**14x** Market share  
growth

**28%**  
Dec 2023

**#2** Brand in  
Powdered Milk



Relaunch of Packs to Strengthen Nutritional Credentials

**Birch Tree**  
**ADVANCE**

**KAYANG-KAYANG  
HANAPIN ANG**



Available in these Metro Manila,  
Luzon, and Visayas stores!

Expansion of Birch Tree Advance in Modern Trade

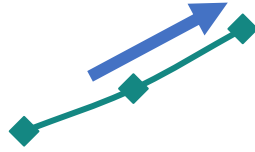
- Milk will continue to be the main driver of overall CNPF growth in the short- to medium-term as we continue to build scale and invest in the category



# FUTURE-PROOFING THE BUSINESS BY UNLOCKING MARKET OPPORTUNITIES

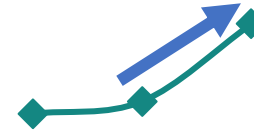


Build CNPF's Emerging Businesses to Deliver Long-term Growth



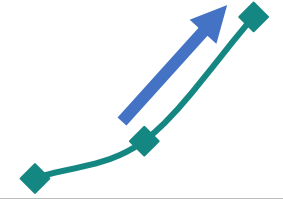
FY22 FY23 FY24E

Increased market development communications and distribution of Coco Mama



FY22 FY23 FY24E

New Plant-based Products with unMEAT Asian Line and new shelf-stable offerings



FY22 FY23 FY24E

Innovating and building route-to-market capabilities for Pet Food



- Growing these by develop the market, launching relevant innovations, generating awareness and trial, and increasing the brands' footprint where it matters



# EMBRACING MORE RESPONSIBLE AND SUSTAINABLE BUSINESS PRACTICES



## Balancing the Needs of Stakeholders & Thinking Win-Win

Launched Century Tuna Saving Our Seas Program in cooperation with HOPE to promote the circular economy



Planted more than 167,000 mangroves in 2023 with a goal to reach 1 million in five years



Expanded our solar capacity and commissioned a biomass boiler in our largest production facility



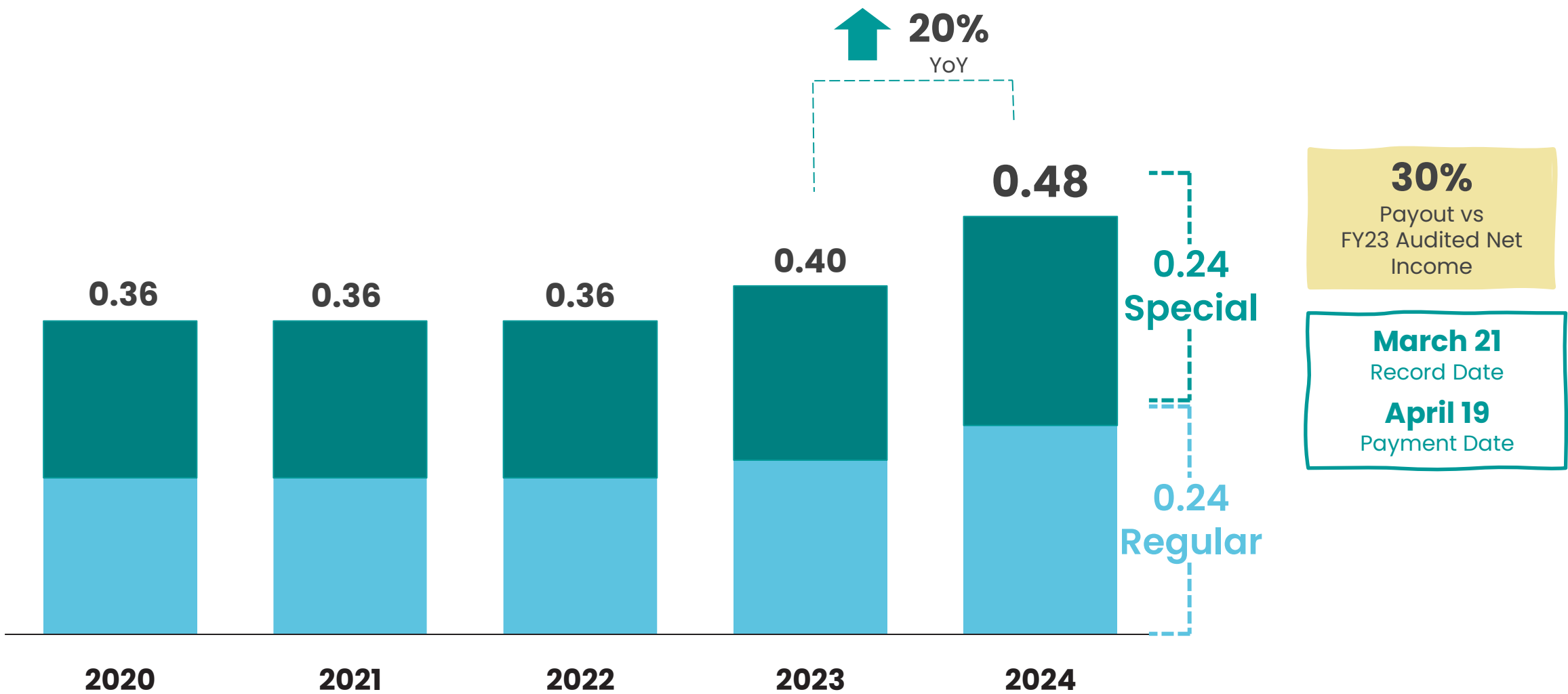
Delivered 12.4M protein servings in 2023 through Kain Po and supported ZHA's National Zero Hunger Summit



# 2024 DIVIDENDS AT PHP 0.48/SHARE



Providing Our Shareholders with Healthy Returns





# EXPANDED CONTRACT WITH THE VITA COCO COMPANY



Strengthening Long-term Partnerships with Key Customers



## 90 million liters

Additional volume of Vita Coco  
over the next 5-6 years



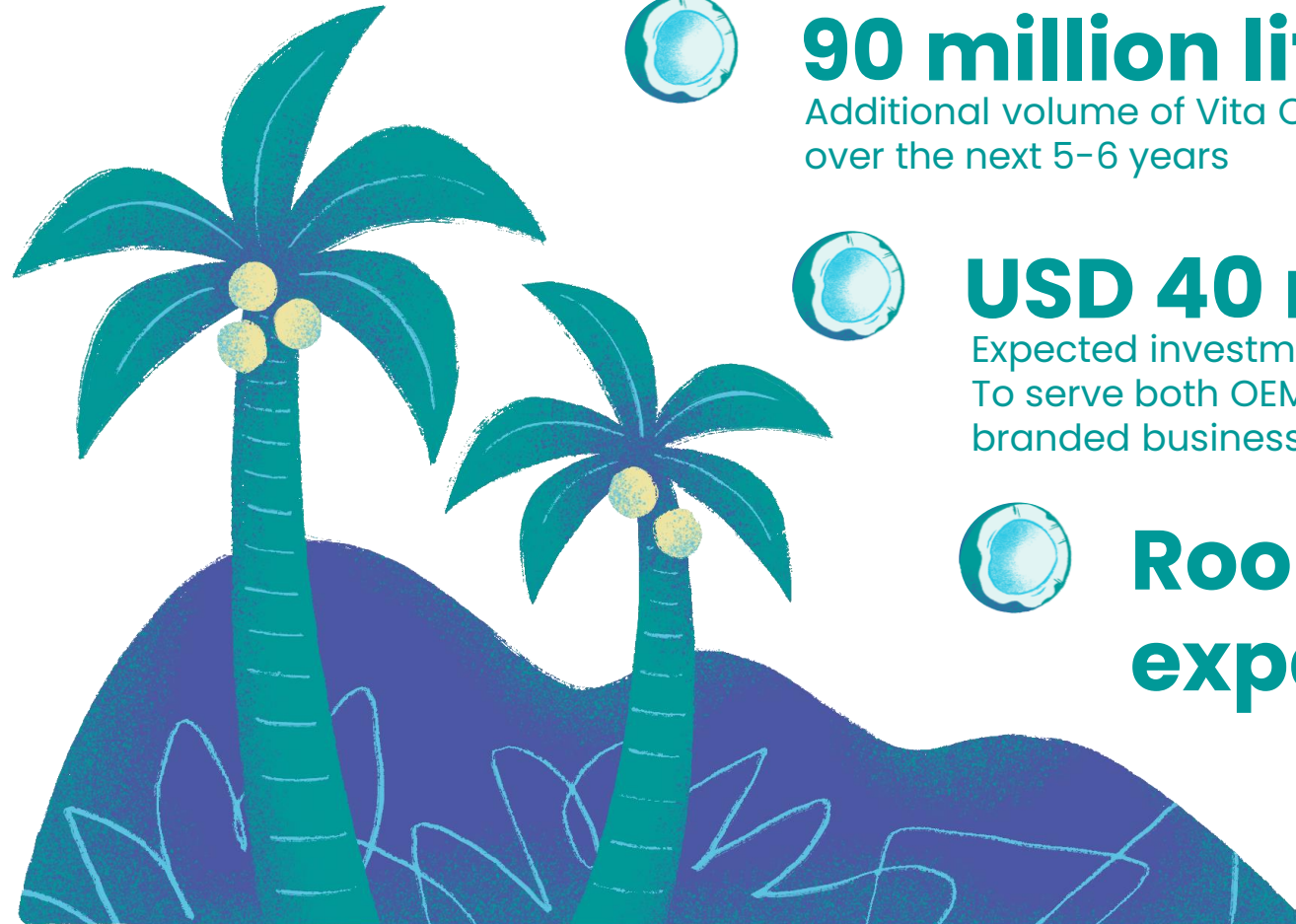
## USD 40 million

Expected investment in capacity;  
To serve both OEM and domestic  
branded business



## Room for further expansion

THE **VITA**  
**COCO**  
COMPANY®



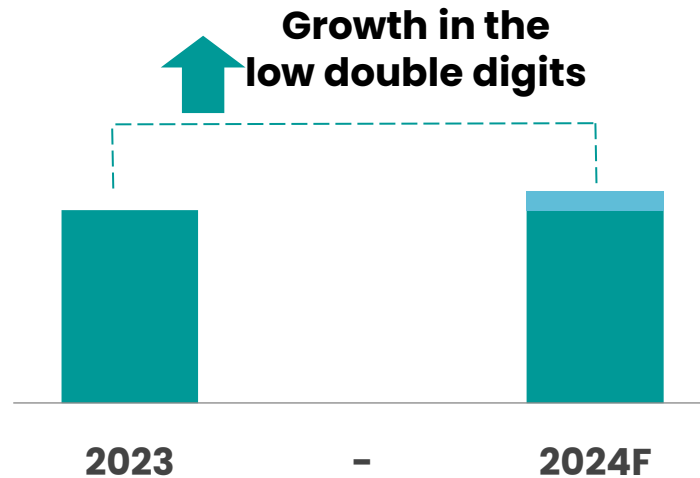


# 2024 PRELIMINARY OUTLOOK

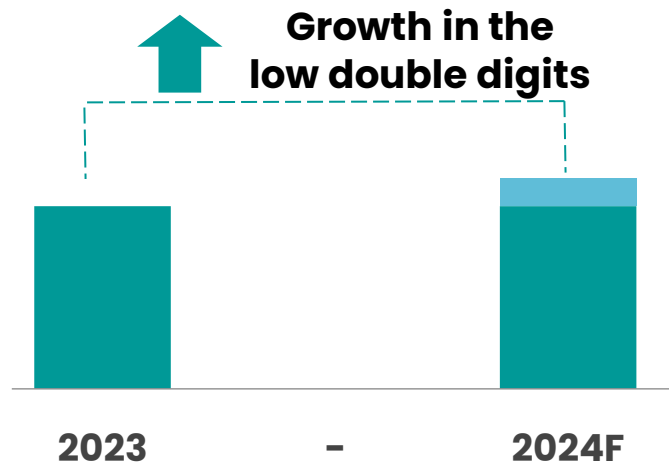


## 2024 Outlook

### Topline



### Bottomline



## 2024 Growth Drivers

- Demand for consumer staples expected to remain resilient
- OEM recovery with easing commodities
- Margin improvements to be reinvested in topline growth – innovations and demand generating activities

## 2024 Capex Guidance

Php 4-5 Billion, considering coconut facility expansion program



# Charting the Path to Resilience & Growth

CNPF FY23 RESULTS PRESENTATION

APRIL 2024



# ANNEX





# OTHER FINANCIALS





# FY 2023 SUMMARIZED P&L



In PHP Mill	FY 2022	FY 2023	Change YoY
<b>Net Revenues</b>	<b>62,259</b>	<b>67,124</b>	<b>8%</b>
Cost of Sales	47,885	50,987	6%
<b>Gross Profit</b>	<b>14,374</b>	<b>16,137</b>	<b>12%</b>
Operating Expenses	8,714	9,239	6%
<b>Operating Income</b>	<b>6,093</b>	<b>7,010</b>	<b>15%</b>
<b>EBITDA</b>	<b>7,597</b>	<b>8,718</b>	<b>15%</b>
Financing Cost	315	484	54%
<b>Income before Tax</b>	<b>5,778</b>	<b>6,526</b>	<b>13%</b>
Income Tax	778	947	22%
<b>NET INCOME</b>	<b>4,999</b>	<b>5,579</b>	<b>12%</b>
<b>EARNINGS PER SHARE</b>	<b>1.41</b>	<b>1.58</b>	<b>12%</b>
Margins (%)			
Gross Profit	23.1%	24.0%	+1.0 pps
Operating Expenses	14.0%	13.8%	-0.2 pps
Operating Income	9.8%	10.4%	+0.7 pps
EBITDA	12.2%	13.0%	+0.8 pps
Net Income	8.0%	14.5%	+1.0 pps

- Revenues grew 8% mainly driven by price
- Branded up 11% as **demand remains resilient**, driven by essentials and staples nature of portfolio
- OEM 4% lower **due to supply chain pressures**

- **EBITDA growth tracking slightly above topline performance as cost optimization measures offset input cost increases**
- Profits to be reinvested in **capacity expansion programs and sustainability initiatives**
- **Earnings growth at 12%**, growing faster than topline

# FY 2023 SUMMARIZED BALANCE SHEET



In PHP Mill	FY 2022	FY 2023
Cash	2,149	5,050
Receivables	8,772	9,387
Inventory	17,729	16,902
<b>Current Assets</b>	<b>31,650</b>	<b>34,476</b>
PPE	8,794	8,980
<b>Non-Current Assets</b>	<b>16,684</b>	<b>17,066</b>
<b>TOTAL ASSETS</b>	<b>48,334</b>	<b>51,542</b>

- **Cash conversion cycle** shortened at 97 days versus 112 days as of end 2022 driven by improvements in inventory days

In PHP Mill	FY 2022	FY 2023
Trade and Other Payables	9,797	10,452
Notes Payable - Current	4,649	2,877
Long-Term Loan	3,165	3,157
<b>TOTAL LIABILITIES</b>	<b>19,555</b>	<b>18,692</b>
Retained Earnings	20,232	24,294
<b>TOTAL EQUITY</b>	<b>28,779</b>	<b>32,850</b>
<b>BVPS (PHP/share)</b>	<b>8.12</b>	<b>9.27</b>

- Interest-bearing loans totaling PHP6.0 billion **all peso-denominated**
- FY 2023 consolidated **net income** of PHP5.6 billion, PHP1.4 billion paid out in 2023 as dividends



# FY 2023 SUMMARIZED CASH FLOW



In PHP Mill	FY 2022	FY 2023
Profit before Tax	5,778	6,526
Depreciation & Amortization	1,505	1,700
Working Capital Change	(4,159)	732
Income Tax	(983)	(1,040)
Others	279	392
<b>OPERATING CASH FLOWS</b>	<b>2,419</b>	<b>8,417</b>
Capital Expenditures	(3,108)	(1,516)
<b>INVESTING CASH FLOWS</b>	<b>(3,200)</b>	<b>(1,422)</b>
Interest Paid	(166)	(354)
Change in Debt	3,020	(1,790)
Dividends and Others	(1,651)	(1,844)
<b>FINANCING CASH FLOWS</b>	<b>1,202</b>	<b>(3,998)</b>
<b>NET CHANGE IN CASH</b>	<b>421</b>	<b>2,901</b>
<b>CASH, ENDING</b>	<b>2,149</b>	<b>5,050</b>
<b>FREE CASH FLOW</b>	<b>1,03</b>	<b>6,794</b>

- Increase in working capital as **higher receivables and inventories offset higher trade and other payables**

- Strong cash generation supported by **healthy profitability**

- Capital expenditures primarily for **capacity expansion and maintenance; higher 2022 figure due to Ligo acquisition**

- **Dividends** paid in 2023 year **higher by 11% vs 2022**

# CCC SHORTENS DUE TO LOWER INVENTORY

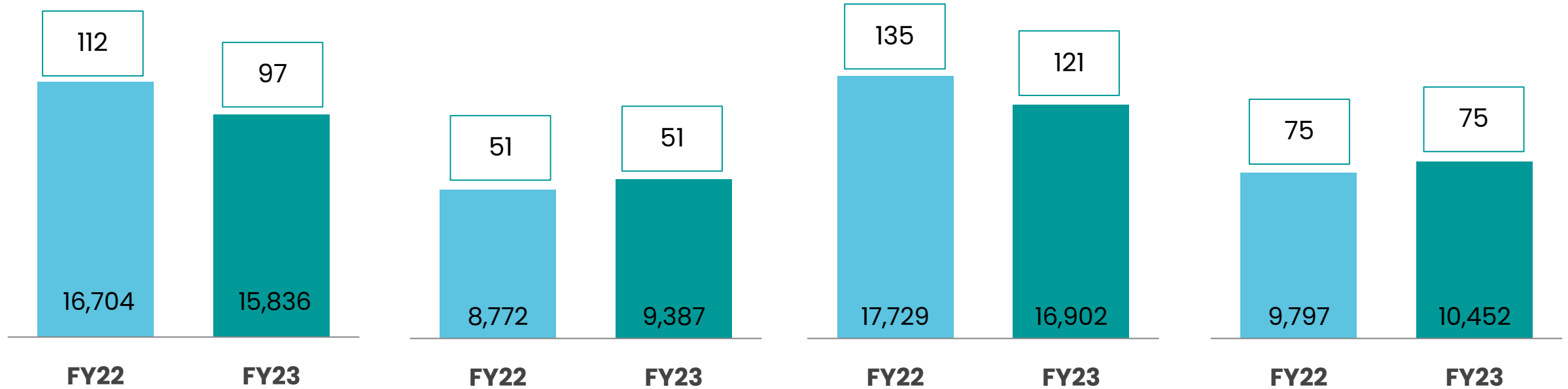


## Working Capital & Cash Conversion Cycle

## Trade Receivables & Receivable Days

## Inventory & Inventory Days

## Trade Payables & Payable Days

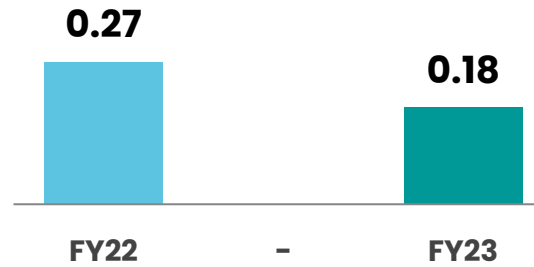


- Cash conversion cycle at 96 days as **inventory days decrease with lower inventory**
- Increasing current accounts receivables compared to YE 2022

# FINANCIAL RATIOS

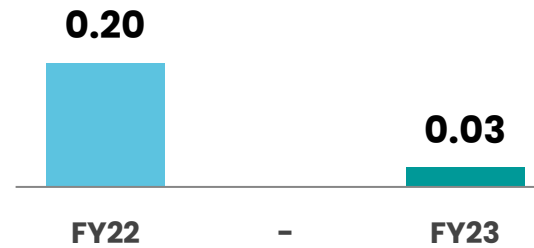


## Gearing (x)



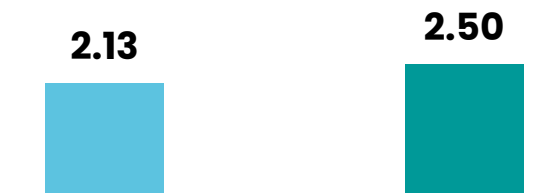
- Decrease in gearing ratio due to **decrease in debt**, comfortable levels maintained

## Net Gearing (x)



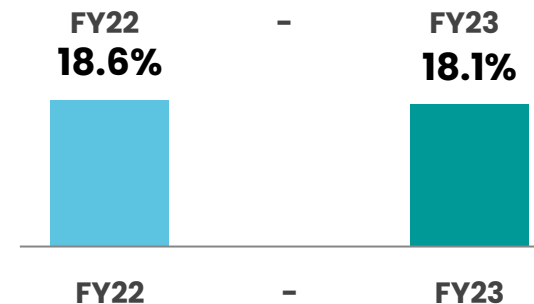
- Larger decrease in net gearing ratio due to **increase in cash**, comfortable levels maintained

## Current Ratio (x)



- Current ratio slightly increased vs YE figure

## Return on Equity



- Attractive return ratios** with ROE in the high teens%

Notes: Gearing Ratio = (Interest-Bearing Liabilities) / Equity  
 Net Gearing = (Interest-Bearing Liabilities Less Cash) / Equity  
 Return on Equity uses trailing 12 months' earnings and average equity

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