



Food Empire's 1Q2021 net profit before tax improved by 10.5% to US\$8.6 million

- Increase of 3.4% in revenue to US\$76.8 million mainly due to higher sales contribution from the Group's South-East Asia market.
- Increase in net profit before tax mainly due to higher revenue, lower sales related expenses coupled with lower foreign exchange loss.
- Business conditions remain challenging with higher commodity prices and freight costs amidst new Covid-19 waves in India and other countries.

Singapore, 11 May 2021 – Food Empire Holdings Limited (“**Food Empire**”, together with its subsidiaries, the “**Group**”), provided quarterly business updates for the three months ended 31 March 2021 (“**1Q2021**”).

Financial Highlights

US\$'000	1Q2021	1Q2020	Change (%)
Revenue	76,776	74,249	3.4
Gross profit	25,821	30,007	(14.0)
Selling and marketing expenses	(9,337)	(10,260)	(9.0)
General and administrative expenses	(8,305)	(9,156)	(9.3)
Foreign exchange loss	(190)	(2,925)	(93.5)
EBITDA	10,997	10,165	8.2
Net profit before tax	8,637	7,818	10.5
Net profit after tax	6,826	6,571	3.9
Gross profit margin (%)	33.6	40.4	(6.8pp)
Net profit margin (%)	8.9	8.8	0.1pp

Revenue by Markets

US\$'000	1Q2021	1Q2020	Change (%)
Russia	27,945	28,646	(2.4)
Ukraine, Kazakhstan and CIS markets	17,795	19,465	(8.6)
South-East Asia	24,046	19,678	22.2
South Asia	2,513	2,096	19.9
Other Markets	4,477	4,364	2.6
Total Revenue	76,776	74,249	3.4

The Group achieved revenue of US\$76.8 million in 1Q2021 compared to US\$74.2 million in 1Q2020 mainly due to higher sales contribution from the Group's South-East Asia market, partially offset by lower contribution from the Group's CIS and Russia markets. The drop in the Group's CIS and Russia markets was related to Covid-19 disruptions and logistical and supply chain delays at ports of discharge due to lack of shipping containers worldwide.

The Group's net profit before tax for 1Q2021 was US\$8.6 million, an increase of 10.5% mainly due to higher contribution from the Group's South-East Asia market, lower foreign exchange loss as well as lower sales related expenses in core markets. This was partially offset by a decrease in gross margin as a result of higher commodity prices and freight related expenses.

For 1Q2021, selling and marketing expenses decreased by 9.0% from US\$10.3 million in 1Q2020 to US\$9.3 million, while general and administrative expenses decreased by US\$0.9 million from US\$9.2 million in 1Q2020 to US\$8.3 million.

Foreign exchange loss was at US\$0.2 million in 1Q2021 as compared to a loss of US\$2.9 million in 1Q2020 in view of more stable Russian Ruble, Ukrainian Hryvnia and Kazakhstan Tenge against the USD dollar during the period.

The Group generated net operating cash inflow of US\$9.5 million in 1Q2021 as compared to US\$4.7 million in 1Q2020 mainly due to lower working capital requirement, bringing its cash and cash equivalents to US\$70.3 million as at 31 March 2021.

Covid-19 Impact on Businesses and Operations

The global economy has experienced a gradual economic recovery since the beginning of the year with the introduction of vaccination programmes in many countries. However, the emergence of new strains of the Covid-19 virus has led to fresh waves of infections and lockdowns in some countries, resulting in an uncertain and more volatile operating environment for the coming months.

In our Group's Russia market, Covid-19 situation is serious but is generally under control and the Group has not faced any major interruptions in our operations in 1Q2021. However, since April 2021, the Group's Ukraine market is seeing the peak of its third Covid-19 wave.

For 1Q2021, Vietnam has managed sporadic outbreaks of Covid-19 infections well and businesses are operating normally.

In our Group's India market, the Covid-19 situation appeared to be under control in the early part of the year but conditions have rapidly deteriorated since the beginning of March 2021. Our second Instant Coffee plant in India was successfully commissioned in March 2021. However, the new surge in Covid-19 infections has forced many State governments to implement lockdowns, which may result in temporary disruptions to production and logistical supply. Currently, both of the Group's manufacturing facilities are still in operation.

In Malaysia, where the Group operates Non-Dairy Creamer, Snacks and Instant Coffee Mix packing facilities, Movement Control Orders which have been re-introduced in most states since January 2021 have now been extended till August 2021. Nonetheless, the Group's operations have largely remained unaffected.

The Group has complied with all Covid-19 related regulatory requirements in all markets.

Summary

1Q2021 saw new and more severe strains of Covid-19 infections emerging worldwide, particularly in Europe and parts of Asia. In some countries where the Group operates in, authorities have reintroduced new lockdown measures of varying severity. While there has been positive developments on the vaccine front, the availability of vaccines and the speed of vaccination in different countries is uneven and operating conditions remain challenging, exacerbated by the difficult freight market conditions and high commodity prices.

Looking ahead, the emergence of new strains of the Covid-19 virus, coupled with the current waves of Covid-19 infection in Asia may cause temporary disruptions to business operations. We will continue to monitor the pandemic situation closely while ensuring the safety and morale of our staff during these difficult times.

Despite the uncertain and volatile operating conditions, the Board is confident that Group's businesses will remain resilient, backed by an experienced management team and a healthy balance sheet. The Group's cash position remains strong, with cash and cash equivalents stood at US\$70.3 million as at 31 March 2021, and we expect that the Group will be able to fulfil its near-term obligations, meet its debt covenants and service its debt obligations.

As the Covid-19 situation remains fluid we will keep shareholders informed of any material developments as and when they unfold.

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Cautionary Statement

Shareholders are advised to read this press release and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

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About Food Empire Holdings Limited (Bloomberg Code: FEH SP)

SGX Mainboard-listed Food Empire Holdings (Food Empire) is a global branding and manufacturing company in the food and beverage sector. Its products include instant beverage products, frozen convenience food and snack food.

Food Empire's products are exported to over 50 countries, in markets such as Russia, Vietnam, Ukraine, Kazakhstan, Central Asia, the Middle East, China, Mongolia and North America. The Group has 23 offices worldwide and operates 8 manufacturing facilities in Malaysia, India, Vietnam, Russia and Ukraine.

Food Empire's products include a wide variety of beverages, such as regular and flavoured coffee mixes and cappuccinos, chocolate drinks and flavoured fruit teas. It also markets instant cereal mixes and assorted frozen convenience foods, as well as produces and markets potato crisps.

Food Empire's strength lies in its proprietary brands – including MacCoffee, Café PHO, Petrovskaya Sloboda, Klassno, Kracks and OrienBites. MacCoffee – the Group's flagship brand – has been consistently ranked as the leading 3-in-1 instant coffee brand in the Group's core market of Russia, Ukraine and Vietnam. The Group employs sophisticated brand building activities, localised to match the flavour of the local markets in which its products are sold.

Since its public listing in 2000, Food Empire has won numerous accolades and awards including being recognised as one of the "Most Valuable Singapore Brands" by IE Singapore (now known as Enterprise Singapore), while MacCoffee has been ranked as one of "The Strongest Singapore Brands". Forbes Magazine has twice named Food Empire as one of the "Best under a Billion" companies in Asia and the company has also been awarded one of Asia's "Top Brand" by Influential Brands. Food Empire was also presented with the Sustainability Award at the SIAS 20th Investors' Choice Award in Singapore. For more information, please refer to: <http://www.foodempire.com>

Issued for and on behalf of Food Empire Holdings Limited.

by Financial PR

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