



Food Empire achieves revenue growth of 12.5% in 1H2021

- Revenue increased 12.5% to US\$149.6 million largely driven by higher sales across all core markets despite difficult operating conditions.
- Lockdowns and disruptions in the Group's South-East Asia market remain a key challenge.
- Margin pressure due to high commodity prices and record high ocean freight rates, coupled with shortage of shipping container slots resulting in supply chain delays.
- Group remains cautiously optimistic for the year and will work towards balancing revenue growth and profitability in view of cost pressures and worsening Covid-19 situation in South-East Asia.

Singapore, 13 August 2021 – Food Empire Holdings Limited (“**Food Empire**”, together with its subsidiaries, the “**Group**”), announced today its financial results for the six months ended 30 June 2021 (“**1H2021**”).

Financial Highlights

US\$'000	1H 21	1H 20	Change (%)
Revenue	149,616	132,947	12.5
Gross profit	48,108	53,006	(9.2)
Selling and marketing expenses	(18,780)	(19,462)	(3.5)
General and administrative expenses	(16,523)	(16,922)	(2.4)
Foreign exchange gain/(loss)	555	(1,102)	NM
EBITDA	19,752	20,572	(4.0)
Net profit before tax	14,193	16,034	(11.5)
Net profit after tax	11,471	13,215	(13.2)
Gross profit margin (%)	32.2	39.9	(7.7 pp)
Net profit margin (%)	7.7	9.9	(2.2 pp)

NM denotes not meaningful

Revenue by Markets

US\$'000	1H 21	1H 20	Change (%)
Russia	54,481	48,307	12.8
Ukraine, Kazakhstan and CIS	35,221	33,764	4.3
South-East Asia	44,776	39,564	13.2
South Asia	5,865	3,070	91.0
Other Markets	9,273	8,242	12.5
Total Revenue	149,616	132,947	12.5

The Group achieved revenue of US\$149.6 million in 1H2021, as compared to US\$132.9 million in 1H2020 mainly due to higher sales contribution across all of the Group's core markets.

For 1H2021, the Group's net profit after tax decreased from US\$13.2 million in 1H2020 to US\$11.5 million for 1H2021 mainly due to lower margin as a result of higher commodity prices, record high ocean freight rates, coupled with shortage of shipping container slots resulting in supply chain delays and higher depreciation expenses arising from commencement of the Group's new freeze dry coffee plant in India.

Selling and marketing expenses decreased by US\$0.7 million from US\$19.5 million in 1H2020 to US\$18.8 million. The decrease was mainly due to lower advertising and promotional expenses.

General and administrative expenses decreased by US\$0.4 million from US\$16.9 million in 1H2020 to US\$16.5 million. The decrease was mainly attributed to office related expenses.

For 1H2021, foreign exchange gain was US\$0.6 million as compared to foreign exchange loss of US\$1.1 million in 1H2020.

The Group generated net operating cash flows of US\$10.7 million in 1H2021 as compared to US\$14.1 million in 1H2020, bringing its cash and cash equivalents to US\$62.9 million as at 30 June 2021.

Covid-19 Impact on Businesses and Operations

For 1H2021, the Group registered a 12.5% increase in Group revenue compared to that of 1H2020, as most of our core markets experienced a gradual recovery from the harsh lockdown conditions in the previous year. However, new emerging strains of more transmissible variants of the Covid-19 virus have led to renewed uncertainty in the operating environment in some markets and re-implementation or extension of lockdowns despite growing global vaccination rate.

The Group's Russia market has seen a high rate of Covid-19 infections while situation in the Group's Ukraine market has deteriorated due to low vaccination rates. However, sales have been resilient in these markets as Covid-19 is viewed as endemic and the government in these countries has avoided national lockdowns.

The Group's Vietnam market had kept the pandemic situation under control for most of 2020, but the country faced a series of outbreaks in 2021, particularly since June, which saw Authorities implementing strict national lockdown. Vietnam has been under lockdown for most of July, which has continued into the month of August.

In Malaysia, where the Group operates non-dairy creamer, snacks and instant coffee mix packing facilities, Movement Control Order has been extended to August 2021, which resulted in labour shortage and supply chain disruption. As a result of the extended lockdown, the completion of the Group's second non-dairy creamer project is likely to be delayed to 2023.

In the Group's India market, incidences of infection have declined significantly, with the country easing lockdown restrictions over the past few months. However, situation remains very fluid. The Group's freeze dry coffee plant in India has commenced operation since 2Q2021 and will gradually contribute to the Group's revenue.

The Group may face currency volatility in core markets such as Russia, Ukraine, Kazakhstan and CIS countries, which could impact the results of the Group.

The Group continues to monitor the evolving Covid-19 situation and coordinate responses through its Covid-19 management committee. The Group has complied with all Covid-19 regulatory requirements in all markets and does not expect any material impact on any of the Group's current contractual obligations.

Summary

1H2021 saw newer and more severe strains of Covid-19 viruses emerging worldwide, resulting in authorities re-introducing lockdown measures of varying severity in some of the countries where the Group operates, especially in South-East Asia. The Group expects a pattern of gradual and uneven reopening of some of our markets to continue for the foreseeable future.

The Group has successfully navigated the challenges arising from the crisis by adjusting to new norms and evolving market conditions, intermittent lockdowns and volatile currency conditions. However, the emergence of new strains, inflationary pressure on commodity prices and record high ocean freight rates will continue to pose challenges to the Group in the near term. Nonetheless, the Group remains optimistic of its longer-term prospects.

Despite the uncertain and volatile operating conditions, the Board is confident that the Group's businesses will remain resilient, backed by an experienced management team and a healthy balance

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sheet. We expect that the Group will be able to fulfill 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 they unfold.

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
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