



FY 2003 Performance Review  
Analysts Briefing

24 February 2004

# Agenda



- 
- Performance Highlights
  - Financial Review
  - Segmental Review
  - Proposed Dividends
  - Activities
  - Branding
  - Looking Back
  - Going forward
  - Q & A



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# Performance Highlights

# Performance Highlights



- 
- Turnover grew 24.5% to S\$139.6 million
    - Strong market position in core markets
    - Expansion of distribution networks
    - Strong brand management
  - Net Profit declined 31.3% to S\$10.2 million
    - Higher operating and staff expenses
    - Higher A&P expenses & logistics costs



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# Financial Review

# Profit & Loss Statement



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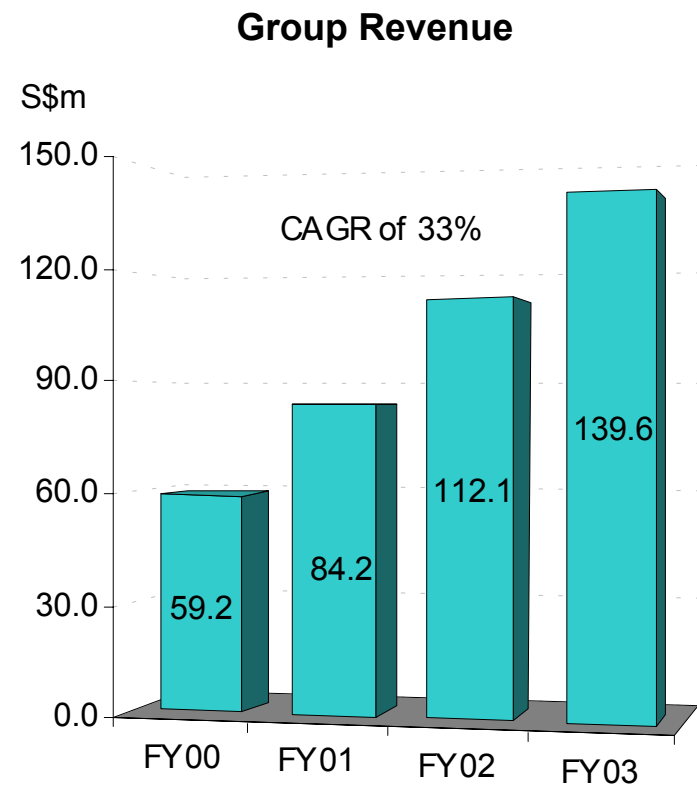
<b>S\$million</b>	<b><u>FY03</u></b>	<b><u>FY02</u></b>	<b><u>% Change</u></b>
Revenue	139.6	112.1	24.5
EBITDA	15.1	21.2	(28.8)
Profit before tax	13.4	19.9	(32.5)
Net Profit	10.2	14.8	(31.3)
EBITDA Margin	10.8%	18.9%	
Net Profit Margin	7.3%	13.2%	

# Review of Performance



Revenue grew 24.5% to S\$139.6 million

- Achieved 3-yr CAGR of 33%
- Double digit sales improvement in core markets
- Expanded distribution networks
- Effective A&P activities

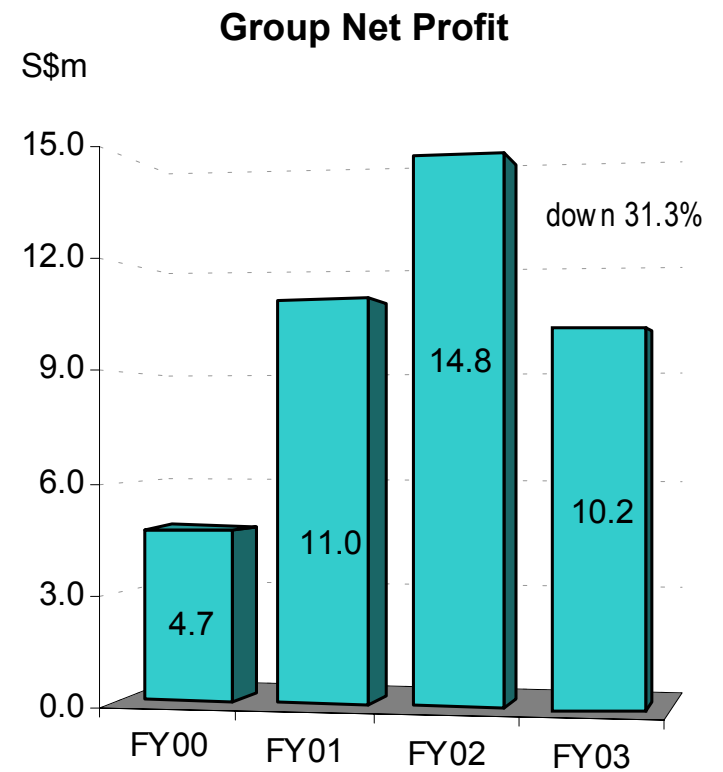


# Review of Performance



Net profit declined 31.3% to S\$10.2million

- Higher operating and staff costs to strengthen infrastructure for further growth
- Intensive A&P activities to build brand equity





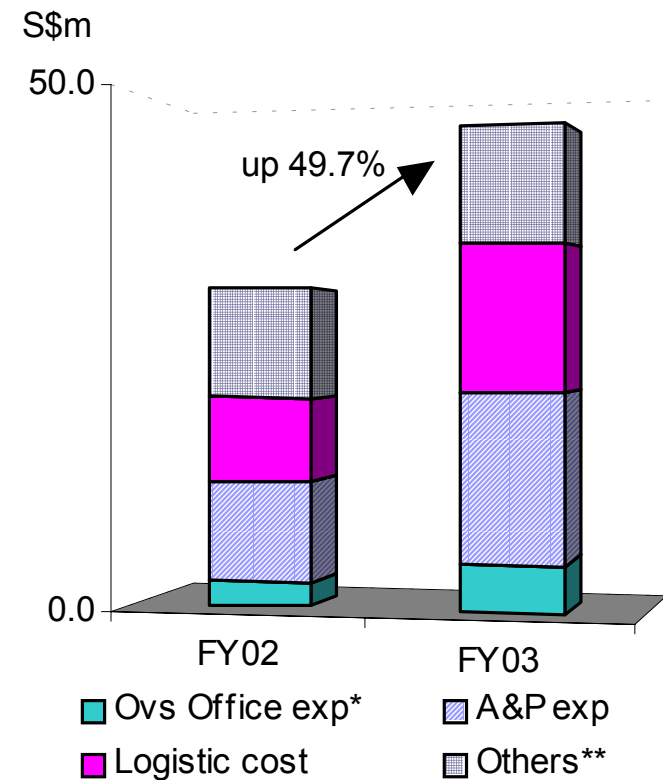
# Review of Performance



Other Operating Expenses rose 49.7% to S\$46.2 million

- Due primarily to higher A&P expenses, Overseas Office expenses and Logistic costs

**Group Other Operating Expenses**



\*Ovs office exp excludes staff costs

\*\* Others include doubtful debt provision of S\$1.4m

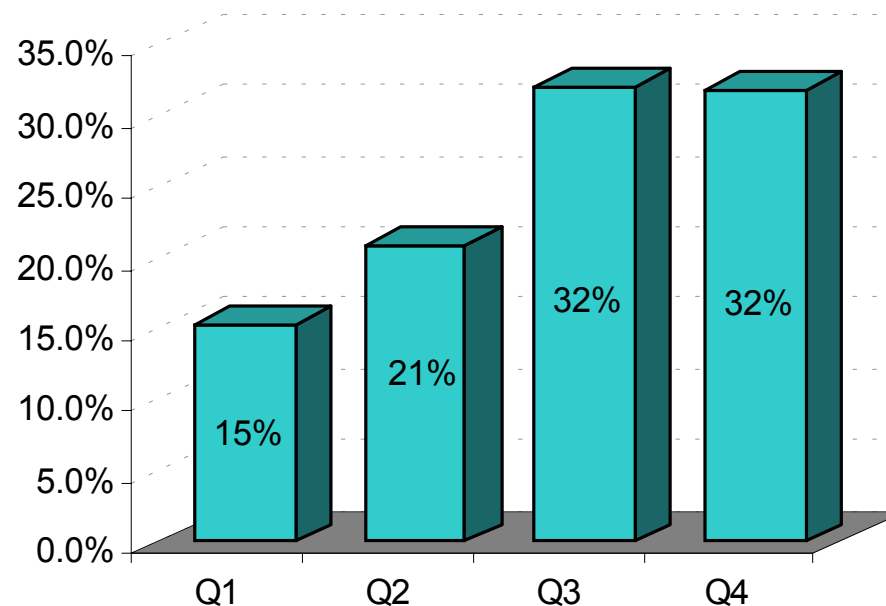
# Review of Performance



Quarterly A&P activities ranging from media advertisements, wet sampling & sponsorships

**Quarterly A&P expenses trend (FY03)**

% of total A&P expenses

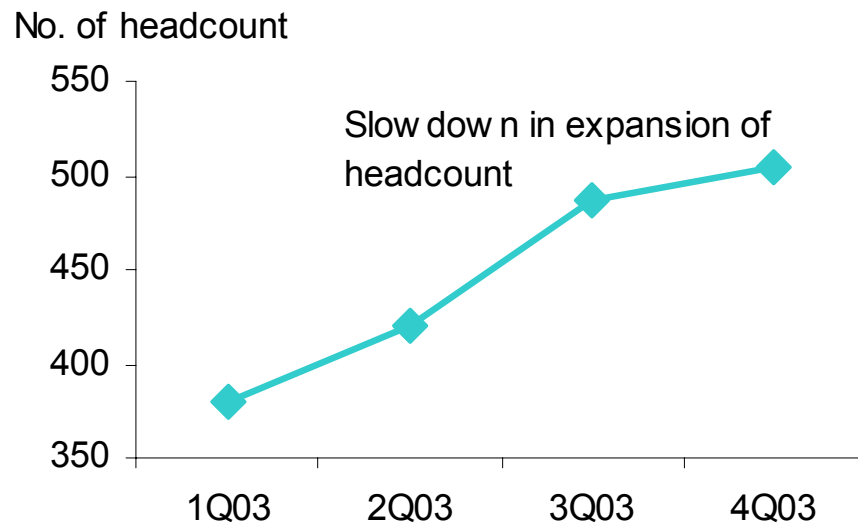


# Review of Performance

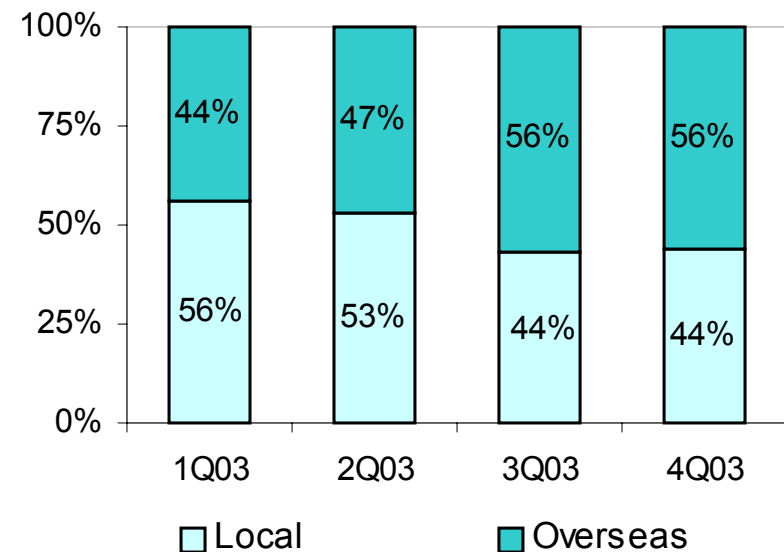


Increase in Group Headcount tapered towards 4Q03

**Headcount trend (FY03)**



**Breakdown of FY03 headcount**

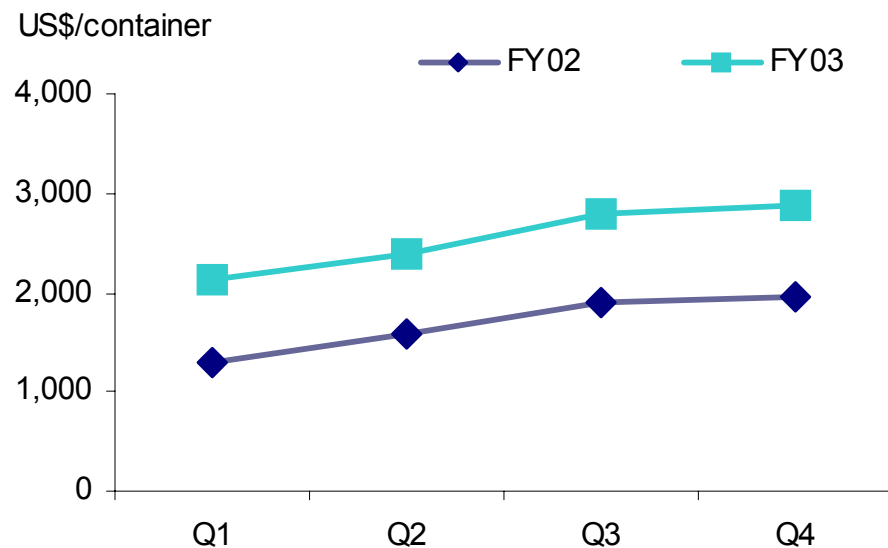


# Review of Performance

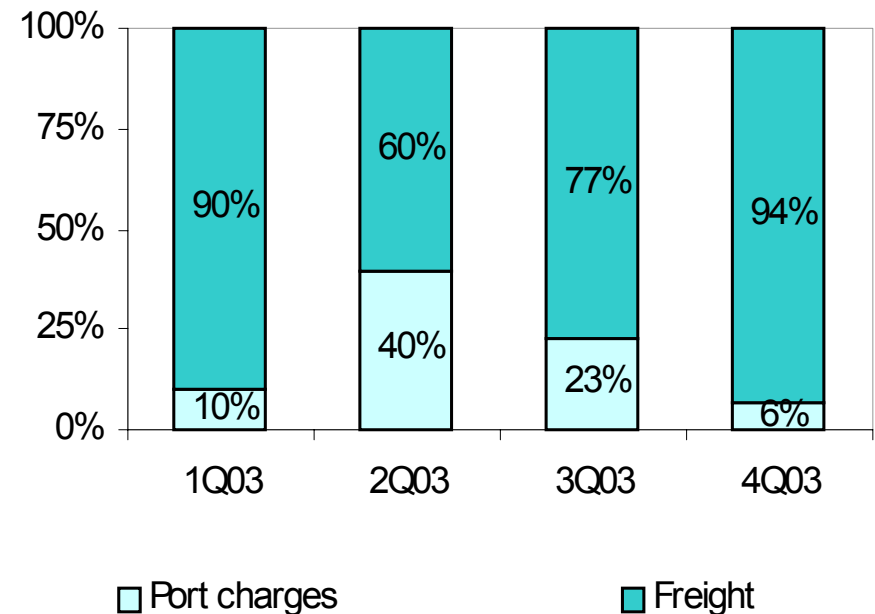


Slowdown in Freight rates increases and port charges under control

**Freight rates trend**



**Breakdown of FY03 logistic costs**



# Financial Ratios



	<u>FY03</u>	<u>FY02</u>
<b><u>PER SHARE DATA (CENTS)</u></b>		
EPS	2.95	4.30
NAV per share	16.57	14.63
<b><u>LIQUIDITY</u></b>		
Current ratio	4.4X	3.3X
Quick ratio	2.6X	1.6X
<b><u>GEARING</u></b>		
Debt ratio	0.0X	0.0X
<b><u>ACTIVITY (DAYS)</u></b>		
Receivables turnover	53.8	51.7
Inventory turnover	61.8	95.2
Payables turnover	20.7	34.6
Cash conversion cycle	94.9	112.3



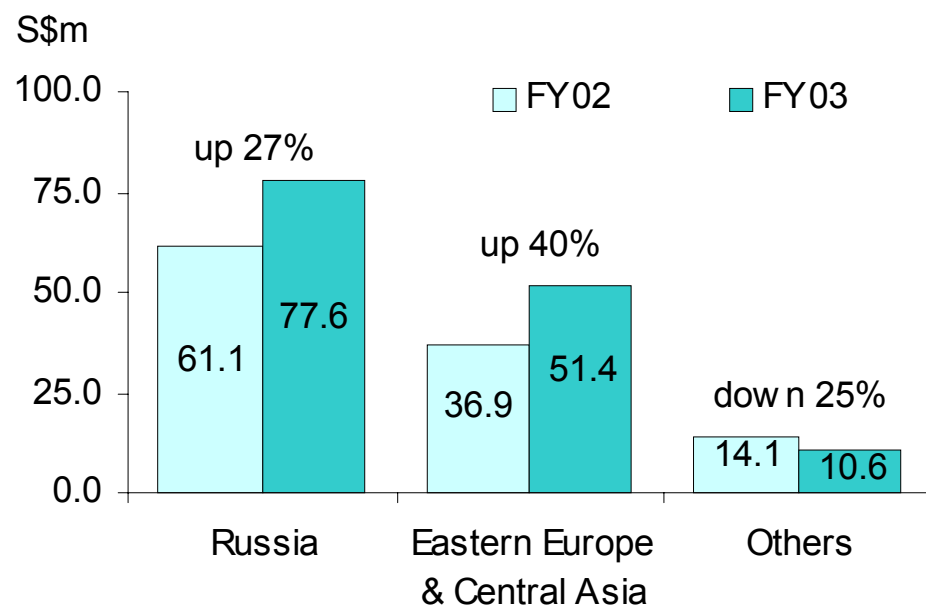
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# Segmental Review

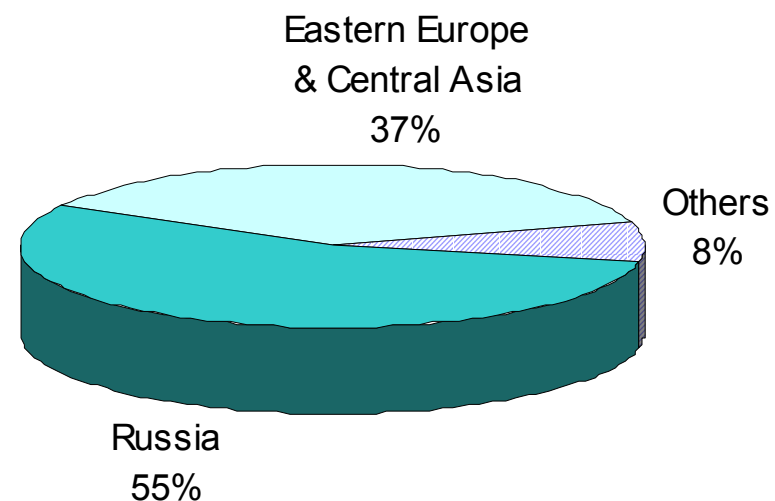
# Segmental Review - By Market (Revenue)



Segmental Revenue Trend



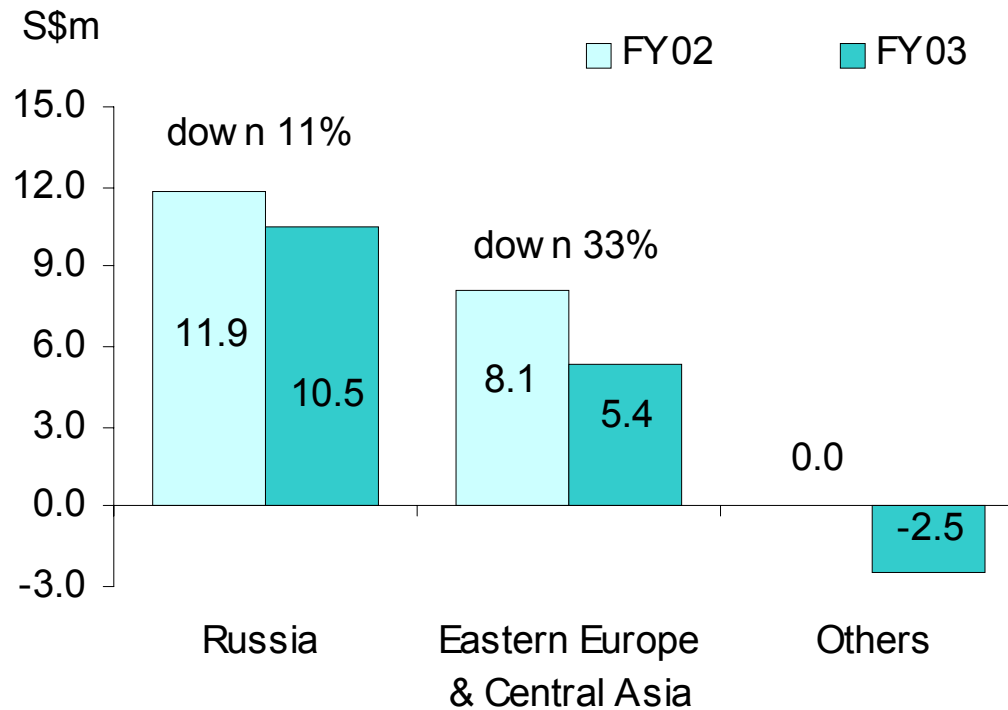
Segmental FY03 Revenue Contribution



# Segmental Review - By Market (Profit Before Tax)



Segmental PBT Trend





# Segmental Review - By Market



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## **RUSSIA and EASTERN EUROPE & CENTRAL ASIA**

- Russia sales grew by 27% while Eastern Europe & Central Asia grew by 40%
- Aggressive A&P activities to boost sales of core and new products
- Expansion of distribution networks
- Extension of product portfolio

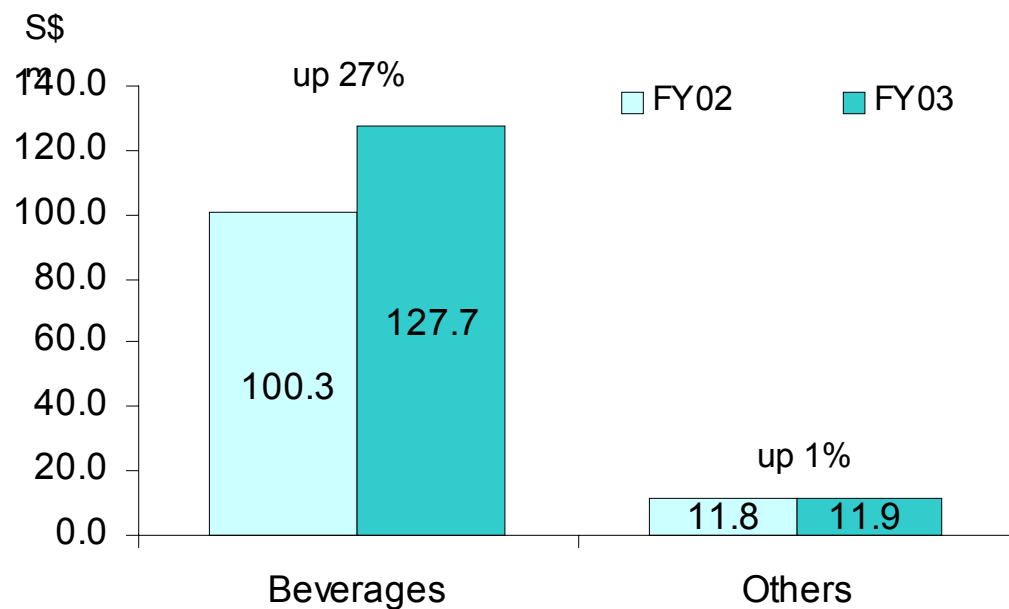
## **OTHERS**

- Revenue declined due to cessation of frozen seafood trading

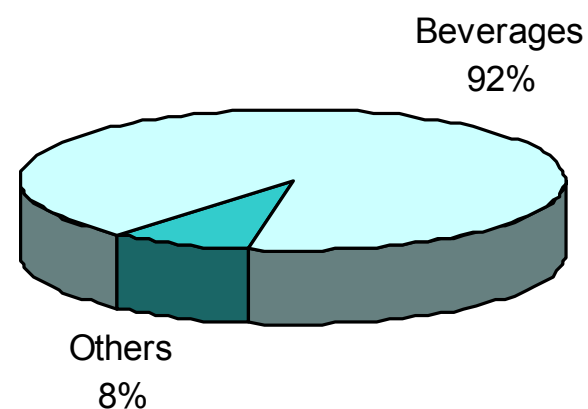
# Segmental Review - By Product (Revenue)



Segmental Revenue Trend



Segmental FY03 Revenue Contribution

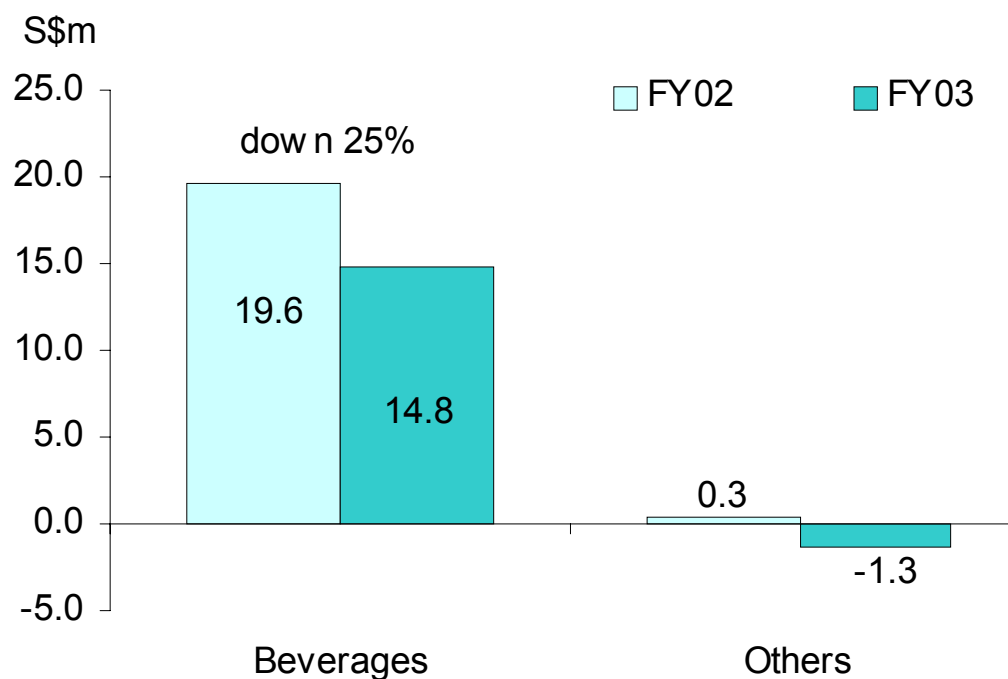


# Segmental Review - By Product

## (Profit before Tax)



Segmental PBT Trend



# Segmental Review – By Product



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## **Beverage**

- Stronger demand for 3in1 instant coffee and coffee in tins
- Top 3 best selling instant coffee – MacCoffee, FesAroma and Express
- Core brand MacCoffee ranked as one of the leading instant coffee brands in Russia, Ukraine & Kazakhstan

## **Others**

- Snack food and Frozen Convenience food posted higher sales
- Frozen seafood sales declined



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# Proposed Dividends

# Proposed Dividends

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Subject to shareholders' approval:-

Proposed ordinary dividends of 0.5 cents (less tax) per ordinary share and special dividends of 0.75 cents (less tax) per ordinary share\*

Total Dividends of 1.25 cents (less tax) per ordinary share

25% of par value of 5 cents

\* Utilise Section 44 balance for dividends



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Activities

# Advertising & Promotions



MacCoffee Billboard in  
Rostov-on-Don, Russia

MacCoffee Strong Promo  
in Tambov, Russia





# Advertising & Promotions



## Lottery draw in Ukraine



MacCoffee wins first rally of the Ukrainian Rally Championship of the Stolitsa Rally in Kiev

### УСЛОВИЯ АКЦИИ

Временные рамки: 01 июня по 31 августа 2003.  
 Территория: г. Симферополь, г. Севастополь, г. Ялта, г. Алушта, г. Феодосия, г. Евпатория, г. Судак, г. Керчь.  
 Суть акции: На каждой торговой точке (далее ТТ) заводится Паспорт ТТ. В ходе акции, при каждом посещении Представителя MacCoffee, в Паспорте выставляются баллы по нескольким критериям. Определенное количество баллов гарантированно соответствует фиксированному подарку.  
 Баллы выставляются согласно трем критериям:

КРИТЕРИЙ	Рекомендация сотрудником ТТ продукции ТМ MacCoffee потребителям.	Баллы
КРИТЕРИЙ 1	Рекомендация только MacCoffee	5 баллов
КРИТЕРИЙ 2	Наличие ассортимента MacCoffee в ТТ.	0 баллов
	Присутствует 28 позиций ассортимента	20 баллов
	Присутствует 18 позиций ассортимента	10 баллов
	Присутствует менее 18 позиций ассортимента	0 баллов
КРИТЕРИЙ 3	Наличие рекламной поддержки	10 баллов
	Присутствует Дисплей, воблер, шельф-токер, ценник, наклейка	5 баллов
	Присутствует менее 3 позиций	0 баллов

\* Учитываются только дисплеи, установленный в кассовой зоне или рекламная выкладка продукции при отсутствии дисплея.

ДИСПЛЕЙ

НАКЛЕЙКА ( 3в1 ИЛИ STRONG )

ВОБЛЕР ( 3в1 ИЛИ STRONG )

ЦЕННИК

### Новый дизайн MacCoffee 3 в 1

1. Машинка молотилы сияет золотом.

2. Веселая оживляет вашку.

3. Аппетитная пенка о парке.

4. Молочко жасно похвастает серебрян.

5. Указан срок употребления.

6. Раньше было 3 в 1.

7. Контур букв вкрити серебром.

8. Вкрити серебром символы украинского та російського державнознарядів.

9. Вказано нашi координати вiд телефону до веб-адреси.

Мама Юра

www.maccoffee.com

Advertisement for MacCoffee 3-in-1, Ukraine

# Advertising & Promotions



MacCoffee Deluxe promotion in Kazakhstan



MacCoffee freebies in Kazakhstan



# Advertising & Promotions



Sponsorship  
of Cricket  
tournament  
in Ukraine



MacCoffee  
Promotion  
in Serbia



Product display in Mongolia

# Trade Shows

## World Food '03 in Russia



8th International Exhibition For Food,  
Beverage & Consumer goods,  
in Egypt





# Trade Shows



Anuga 2003, Germany



# Trade Shows



Food Expo '03 in Uzbekistan

Traditional World Food Show  
in Paris





Branding

# Awards



- Food Empire was recognised as one of the **Most Valuable Singapore Brands** at the Singapore Brand Award 2003. Food Empire's portfolio of brands was awarded a high value of S\$114 million
- **MacCoffee** was awarded one of 'The Strongest Singapore Brands' (ranked 8 out of 15)
- **MacCoffee 3-in-1** once again won in the category '**Top Instant Coffee drink**' in the '**Choice of the Year 2003**' Award in Kiev, Ukraine.
- **MacCoffee** also won the national Golden Trade Marks award held in Ukraine recently.
- For the 4<sup>th</sup> consecutive year, Food Empire won the **Singapore Star Packaging Award 2003** for Klassno Gold (freeze-dried coffee in glass jar) and Kracks Potato Crisps
- Food Empire was accorded the Gold award in "The Judge's Choice Award" category at the 17<sup>th</sup> Annual International ARC Awards 2003



# Brand Valuation

## (Singapore Brand Award 03)



2003 Position	Brand	Brand Value 2003 S\$M	2002 Position	Brand Value 2002 S\$M
1	Singtel (fixed & mobile)	2,635	1	3,000
2	UOB	1,211	3	950
3	DBS Bank	1,118	2	1,000
4	Asia Pacific Breweries	943	4	820
5	OCBC Bank	658	5	625
6	Great Eastern	429	6	400
7	Singapore Airlines	304	7	380
8	F&N (Soft Drinks + 100Plus)	118	9	95
9	<b>Food Empire</b>	<b>114</b>	<b>N.A.</b>	<b>N.A.</b>
10	Tiger Balm	110	8	110
11	Creative	102	10	90
12	OSIM	95	13	45
13	Brand's	92	12	75
14	Sincere	42	N.A.	N.A.
15	Eu Yan Sang	35	4	30

# Brand Strength

(Singapore Brand Award 03)



2003 Rank	Brand	Brand Strength (/100)
1	SIA (Airline)	60
2	Creative	59
3	Tiger Balm	57
3	Tiger Beer	57
5	Brand's	56
6	OSIM	54
7	Eu Yan Sang	53
8	Banyan Tree	52
8	<b>MacCoffee</b>	<b>52</b>
8	F&N	52
11	Informatics	49
11	Raffles International	49
11	Super CoffeeMix	49
14	Singtel	48
14	AKIRA	48



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Looking Back

# 2003 Review



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“2003 is a year of brand building and expansion

We continued our efforts to build up our overseas operations and to invest brand equity

Revenue continued to grow but profitability was impacted as a result of the strategic actions taken to gear up for increasing our market reach “



Going Forward

# 2004 Outlook



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“Market environment in our core markets is expected to remain competitive and challenging.

Foreign currency fluctuations will continue to be an important consideration and raw material costs are expected to rise in 2004 “

We will continue to step up efforts to strengthen our operations and distribution networks, reinforce our marketing and branding. More importantly improve market reach and bottomline.“



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**Q & A**