



Food Empire reports record revenue & profitability for 1H2022 in spite of geopolitical disturbances

- Revenue increased 18.5% to US\$177.4 million mainly due to contribution from the Group’s South Asia market.
- Net profit before tax for 1H2022 increased by 127.7% due to higher average selling prices across most of Group’s business segments, higher currency exchange gains, lower selling & marketing expenses coupled with higher share of profit from associated company.
- Group remains optimistic about its long-term prospects as demand for its products remain resilient despite geopolitical tensions and rising inflation.

Singapore, 11 August 2022 – Food Empire Holdings Limited (“**Food Empire**”, together with its subsidiaries, the “**Group**”), announced today its financial results for the first six months ended 30 Jun 2022 (“**1H2022**”).

Financial Highlights

US\$’000	1H2022	1H2021	Change (%)
Revenue	177,355	149,616	18.5
Gross profit	51,989	48,108	8.1
Selling and marketing expenses	13,579	18,780	(27.7)
General and administrative expenses	17,807	16,523	7.8
Foreign exchange gain	7,335	555	1,221.6
EBITDA	38,220	19,752	93.5
Net profit before tax	32,324	14,193	127.7
Net profit after tax	27,065	11,471	135.9
Gross profit margin (%)	29.3	32.2	(2.9pp)
Net profit margin (%)	15.3	7.7	7.6pp

NM denotes not meaningful

Revenue by Markets

US\$'000	1H2022	1H2021	Change (%)
Russia	57,109	54,481	4.8
Ukraine, Kazakhstan and CIS	41,270	35,221	17.2
South-East Asia	45,394	44,776	1.4
South Asia	18,847	5,865	221.3
Other Markets	14,735	9,273	58.9
Total Revenue	177,355	149,616	18.5

The Group achieved a revenue of US\$177.4 million in 1H2022, a year-on-year (“**yo**y”) increase of 18.5% as compared to US\$149.6 million in 1H2021. The increase was across all markets particularly from the Group’s South Asia market.

For 1H2022, the Group’s net profit after tax increased from US\$11.5 million in 1H2021 to US\$27.1 million. This was mainly attributable to higher average selling prices across most of Group’s business segments, higher currency exchange gains, lower selling & marketing expenses coupled with higher share of profit from associated company.

Selling and marketing expenses decreased by 27.7% from US\$18.8 million in 1H2021 to US\$13.6 million. This was mainly attributed to lower advertising and promotional expenses, particularly in the Group’s South-East Asia market.

For 1H2022, foreign exchange gain was US\$7.3 million as compared to US\$0.6 million for 1H2021.

The Group’s net operating cash inflow decreased from US\$10.7 million in 1H2021 to US\$6.5 million in 1H2022 mainly due to higher working capital requirement. The Group’s cash and cash equivalents was US\$59.8 million as at 30 June 2022, compared to US\$60.6 million as at 31 December 2021.

Business Outlook

Even though most of the Group’s business segments have experienced top-line growth, the Group will continue to manage rising inflation, high freight costs, supply chain issues and volatile exchange rates.

In the Russia, Kazakhstan and CIS markets, the Group will continue to be nimble in its pricing and prudent in its promotional activities to balance the need for market share and Group profitability. Whilst supply chain issues have eased somewhat, the Group will maintain a healthy level of inventory to ensure smooth operations.

The Group continues to experience resilient demand for its products in its South-East Asia market. In Vietnam, the Group has begun to see a normalisation in consumer demand with the easing of lockdown

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restrictions. The Group's efforts to increase promotional activities in Vietnam have been restricted due to the Vietnamese government's COVID regulations. The Group will look to resume these activities when permitted to do so.

In Malaysia, where the Group operates non-dairy creamer, snacks and instant coffee mix production facilities, demand continues to grow in spite of inflationary pressures on commodity prices. The sales price increase implemented since 1Q2022 has come into full effect. Progress on the Group's non-dairy creamer factory expansion is satisfactory and barring any further unforeseen circumstances, it is expected to be ready for commercial production by end of 3Q2023.

In India, both the Group's spray dry and freeze dry coffee business continue to witness strong international demand. The spray dry coffee plant is operating at near maximum capacity. The freeze dry coffee plant, which commenced operations in 2Q2021, continues to progress well and has increased its utilisation rate to keep up with the growing demand. However, costs are expected to remain high due to record international freight rates and higher raw material prices.

As announced on SGXNet on 14 April 2022 and 9 June 2022, the Group expects to realise one-off estimated gain of S\$20.5 million (before deducting related expenses) upon the completion of the disposal of Food Empire Real Estates Pte. Ltd. within this financial year.

Overall, the Group has demonstrated tremendous resilience amidst an uncertain and volatile period to register growth. Backed by a strong management team and a healthy balance sheet, the Board is optimistic of the Group's long term prospects.

Cautionary Statement

Shareholders are advised to read this press release and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, 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 and snack food.

Food Empire's products are sold in 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, flavoured fruit teas and instant cereal mixes. It also produces and markets potato crisps.

Food Empire's strength lies in its proprietary brands – including MacCoffee, Café PHO, Petrovskaya Sloboda, Klassno, Hillway and Kracks. 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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