



Food Empire's 1H2019 net profit jumps 39.7% yoy with higher net profit margins of 9.4%

- Core operating performance remained strong with revenue of US\$138.5 million, driven by sales growth in the Group's key markets.
- Net profit after tax was higher at US\$13.1 million mainly due to rationalisation of business, foreign exchange gain recorded partly offset by lower sales and higher manpower cost.
- Market diversification, streamlining of business operations and strategic mergers & acquisitions to continue to be the Group's key focus going forward.

Singapore, 8 August 2019 – Food Empire Holdings Limited (“**Food Empire**”, together with its subsidiaries, the “**Group**”), announced today its financial results for the first half year ended 30 June 2019 (“**1H2019**”).

Financial Highlights

US\$'000	2Q2019	2Q2018	Change (%)	1H2019	1H2018	Change (%)
Revenue	67,806	69,316	(2.2)	138,490	141,459	(2.1)
Gross profit	25,625	26,858	(4.6)	54,058	55,867	(3.2)
Selling and distribution expenses	(9,563)	(12,416)	(23.0)	(19,694)	(24,331)	(19.1)
General and administrative expenses	(9,727)	(9,457)	2.9	(18,897)	(18,299)	3.3
Foreign exchange gain / (loss)	420	(1,961)	N.M	836	(1,556)	N.M
Net profit after tax	5,493	2,251	144.0	13,070	9,358	39.7
Gross profit margin (%)	37.8	38.7	(0.9) pp	39.0	39.5	(0.5) pp
Net profit margin (%)	8.1	3.2	4.9 pp	9.4	6.6	2.8 pp

Revenue by Markets

US\$'000	2Q2019	2Q2018	Change (%)	1H2019	1H2018	Change (%)
Russia	25,152	26,877	(6.4)	54,391	57,472	(5.4)
Ukraine	6,954	6,063	14.7	13,619	11,776	15.7
Kazakhstan and CIS	9,985	8,706	14.7	19,057	18,420	3.5
Indochina	12,270	13,942	(12.0)	26,720	26,487	0.9
Others	13,445	13,728	(2.1)	24,703	27,304	(9.5)
Total Revenue	67,806	69,316	(2.2)	138,490	141,459	(2.1)

Revenue for 1H2019 was US\$138.5 million, a year-on-year (“**yoy**”) decrease of 2.1% as compared to US\$141.5 million revenue recorded in 1H2018. This was mainly due to (i) lower translated revenue resulting from depreciation of the Russian Ruble against the US dollar; (ii) lower sales contribution from the Group's Other Markets mainly due to rationalisation of business. Cumulatively, the Group's core performance remained strong, driven by higher sales in local currency terms in the Group's key markets.

Gross profit was US\$54.1 million, down 3.2% as compared to prior corresponding period, with gross profit margin of 39.0%.

Selling and distribution expenses were lower by US\$4.6 million or 19.1% from US\$24.3 million in 1H2018 to US\$19.7 million. The decrease was mainly due to rationalisation of business.

General and administrative expenses increased by US\$0.6 million from US\$18.3 million in 1H2018 to US\$18.9 million. The increase was mainly attributed to higher manpower cost.

Foreign exchange gain was US\$0.8 million in 1H2019 as compared to a foreign exchange loss of US\$1.6 million in 1H2018.

Pursuant to the above, the Group's net profit after tax for 1H2019 was US\$13.1 million, a yoy increase of 39.7%. Net profit margin was 2.8 percentage points ("**pp**") higher, at 9.4% for 1H2019.

As at 30 June 2019, the Group's balance sheet remained healthy with cash and cash equivalents amounting to US\$38.5 million.

Commenting on the Group's results, Mr. Tan Wang Cheow, Executive Chairman of Food Empire said, **"The Group continues to perform well, with strength in our core business markets and key operating segments. As we seek to sustain this growth trajectory into the future, we will be looking at new product developments and strategic mergers & acquisitions to grow our business further. On a full financial year basis, we are committed to delivering profit growth."**

Outlook

The global economy is projected to grow at a slower pace for the remaining half of 2019, driven by continuing trade tensions between the U.S. and China which might affect global oil prices and currency exchange rates against the US dollar. Barring unforeseen circumstances, the Group expects our business to remain resilient and we will continue to focus our efforts to grow key markets, rationalise business operations and consolidate our Group structure so as to create a stronger foundation for future development.

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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, confectionery and snack food.

Food Empire's products are exported to over 50 countries, in markets such as Russia, Ukraine, Kazakhstan, Central Asia, China, Indochina, the Middle East, Mongolia and the US. The Group has 24 offices (representative and liaison) worldwide. The Group operates 8 manufacturing facilities in Malaysia, India, Myanmar, 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 breakfast cereal, potato crisps and assorted frozen convenience foods.

Food Empire's strength lies in its proprietary brands – including MacCoffee, Petrovskaya Sloboda, Klassno, Hyson, OrienBites 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 Kazakhstan. 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.

For more information, please refer to: <http://www.foodempire.com>

Issued for and on behalf of Food Empire Holdings Limited.
by Financial PR Pte Ltd

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