



Food Empire’s 1H2023 revenue grows 11.8% to a new record of US\$198.2 million

- Revenue increased by 11.8% year-on-year (“yoy”) to US\$198.2 million mainly due to contribution from most of the Group’s core markets.
- Operating profit increased by 67.7% yoy to US\$34.6 million mainly due to higher revenue and a better gross margin.
- Net profit after tax decreased by 1.6% yoy to US\$26.6 million mainly due to unfavourable exchange rate movement coupled with negative contribution from associates.

Singapore, 10 August 2023 – Food Empire Holdings Limited (“**Food Empire**”, together with its subsidiaries, the “**Group**”), announced today its financial results for the first six months ended 30 June 2023 (“**1H2023**”).

Financial Highlights

US\$'000	1H2023	1H2022	Change (%)
Revenue	198,246	177,355	11.8
Gross profit	69,507	51,989	33.7
Selling and marketing expenses	(15,737)	(13,579)	15.9
General and administrative expenses	(19,214)	(17,807)	7.9
Operating profit	34,556	20,603	67.7
Foreign exchange (loss)/gain	(1,056)	7,335	NM
EBITDA	41,261	38,220	8.0
Net profit before tax	33,869	32,324	4.8
Net profit after tax	26,642	27,065	(1.6)
Gross profit margin (%)	35.1	29.3	5.8pp
Net profit margin (%)	13.4	15.3	(1.9)pp

NM denotes not meaningful

Revenue by Segments

US\$'000	1H2023	1H2022	Change (%)
Russia	70,608	57,109	23.6
Ukraine, Kazakhstan and CIS	49,509	41,270	20.0
South-East Asia	45,857	45,394	1.0
South Asia	21,729	18,847	15.3
Others	10,543	14,735	(28.4)
Total Revenue	198,246	177,355	11.8

The Group recorded a revenue of US\$198.2 million in 1H2023, a yoy increase of 11.8% compared to US\$177.4 million in 1H2022 mainly due to a combination of higher volumes and higher pricing from most of the Group's core markets. This increase was offset by the depreciation of the Russian Ruble and Ukrainian Hryvnia against the US dollar and lower revenue from the Group's Europe market due to divestment of its business in FY2022. In the Group's South Asia segment, the increase was driven by higher contribution from the Group's freeze dry coffee plant in India. Both the Group's freeze dry and spray dry coffee plants continue to operate at full production capacity.

Despite higher revenue and better operating profits, the Group's net profit after tax for 1H2023 decreased marginally to US\$26.6 million, a yoy decrease of 1.6% compared to US\$27.1 million in 1H2022 mainly due to unfavourable exchange rate movement coupled with negative contribution from associates (for 1H2023, share of associates' losses was US\$0.1 million compared to profit of US\$4.0 million in 1H2022).

For 1H2023, foreign exchange loss was US\$1.1 million as compared to a gain of US\$7.3 million for 1H2022. (For 1H2022, the Russian Ruble strengthened from 74.3 Ruble per US dollar on 31 December 2021 to 51.2 Ruble per US dollar on 30 June 2022).

For 1H2023, selling and marketing expenses increased by 15.9% to US\$15.7 million compared to US\$13.6 million in 1H2022. This was mainly attributed to higher advertising and promotional expenses, particularly in the Group's Vietnam market.

For 1H2023, general and administrative expenses increased by 7.9% to US\$19.2 million from US\$17.8 million in 1H2022. The increase was mainly due to higher manpower cost.

The Group's generated net operating cash inflows of US\$10.9 million in 1H2023 as compared to US\$6.5 million in 1H2022 mainly attributed to better profitability. The Group's cash and cash equivalents was US\$106.6 million as at 30 June 2023, compared to US\$125.6 million as at 31 December 2022 mainly due to the dividend paid in 2Q2023.

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Business Outlook

The global economy continues to grapple with inflationary pressure on food and fuel prices, debt vulnerabilities and supply chain issues resulting from the geopolitical tensions in some of the Group's key markets. While inflation seems to have peaked, it remains higher than most central bank targets.

The Group remains cautious of the economic outlook for Russia and Ukraine due to volatile geopolitical situation and weakening Russian Ruble but expects consumer demand to remain steady. In Kazakhstan and CIS, the Group has experienced robust demand for its products and foresees growth momentum to continue.

In the Group's South-East Asia segment, we expect the Group's Vietnam market to achieve higher revenue along with higher commitment in advertising and promotions. The Group's potato chips and non-dairy creamer businesses in Malaysia continue to enjoy stable demand despite the prevailing stiff competition and inflationary pressures.

In the Group's South Asia segment, both the Group's spray dry and freeze dry coffee plants have been operating at maximum capacity. While profitability may be affected by higher raw material prices, the Group expects demand to be resilient for both these ingredients going forward.

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 multinational food and beverage manufacturing and distribution group headquartered in Singapore. With a portfolio spanning instant beverages, snack foods, and a growing presence in food ingredients, Food Empire's products are sold in over 60 countries across North Asia, Eastern Europe, South-East Asia, South Asia, Central Asia, Middle East, and North America. Supported by 8 manufacturing facilities in 5 countries and 23 offices worldwide, Food Empire is poised for even greater success.

Food Empire offers an enticing range of branded beverages and snacks, including classic and flavoured coffee mixes and cappuccinos, chocolate drinks, flavoured fruity teas, bubble tea, instant cereal blends, and potato chips. Its food ingredients business features the finest freeze-dried and spray-dried instant coffee, as well as non-dairy creamer.

Food Empire owns a family of proprietary brands – including MacCoffee, CaféPHÓ, 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 markets. The Group employs innovative 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 as one of Asia's "Top Brands" by Influential Brands.

Food Empire is dedicated to sustainability, as evidenced by the receipt of the Sustainability Award at the Securities Investors Association (Singapore) 20th Investors' Choice Award – and it also emerged as the winner of The Enterprise Award at the Singapore Business Awards 2020/2021.

For more information, please refer to: www.foodempire.com

**Issued for and on behalf of Food Empire Holdings Limited. by
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