



Food Empire delivers record revenue and net profit for 9M2022 affirming resilient demand for its products

- Revenue increased 26.5% yoy to US\$286.0 million for 9M2022 with increases in all core segments.
- The Group's profit after tax increased by 240.9% yoy to US\$49.6 million for 9M2022 mainly due to higher average selling prices across most of the Group's business segments coupled with one-off gain of US\$15.0 million from the disposal of non-core asset.
- The Group is on track to achieve record revenue and profitability for the full year despite geopolitical tensions and rising inflation.

Singapore, 10 November 2022 – Food Empire Holdings Limited (“**Food Empire**”, together with its subsidiaries, the “**Group**”), provided business updates for the third quarter (“**3Q2022**”) and nine months ended 30 September 2022 (“**9M2022**”).

Financial Highlights

US\$'000	3Q2022	3Q2021	Change (%)	9M2022	9M2021	Change (%)
Revenue	108,625	76,449	42.1	285,981	226,065	26.5
Gross profit	31,450	19,638	60.1	83,440	67,746	23.2
Selling and marketing expenses	(6,797)	(7,272)	(6.5)	(20,376)	(26,052)	(21.8)
General and administrative expenses	(10,373)	(8,112)	27.9	(28,180)	(24,635)	14.4
Foreign exchange (loss)/gain	(3,686)	(201)	1,733.8	3,649	354	930.8
EBITDA	28,548	7,373	287.2	66,768	27,126	146.1
Net profit before tax	25,103	4,186	499.7	57,428	18,379	212.5
Net profit after tax	22,578	3,090	630.7	49,643	14,561	240.9
Gross profit margin (%)	29.0	25.7	3.3pp	29.2	30.0	(0.8pp)
Net profit margin (%)	20.8	4.0	16.8pp	17.4	6.4	11.0pp

NM denotes not meaningful

Revenue by Segments

US\$'000	3Q2022	3Q2021	Change (%)	9M2022	9M2021	Change (%)
Russia	42,435	31,696	33.9	99,545	86,177	15.5
Ukraine, Kazakhstan and CIS	25,218	16,856	49.6	66,488	52,077	27.7
South-East Asia	23,815	19,090	24.8	69,208	63,867	8.4
South Asia	10,768	4,324	149.0	29,615	10,188	190.7
Other Segments	6,389	4,483	42.5	21,125	13,756	53.6
Total Revenue	108,625	76,449	42.1	285,981	226,065	26.5

The Group achieved a revenue of US\$286.0 million in 9M2022, a year-on-year (“yoy”) increase of 26.5% as compared to US\$226.1 million in 9M2021. The increase was across all segments particularly from the Group’s South Asia segment. On a quarterly basis, the Group’s revenue for 3Q2022 increased by 42.1% to US\$108.6 million mainly from the Group’s Russia and South Asia segments.

The Group’s net profit after tax for 9M2022 increased by US\$35.1 million or 240.9% yoy to US\$49.6 million. For 3Q2022, the Group’s net profit after tax increased from US\$3.1 million in 3Q2021 to US\$22.6 million. This was mainly attributable to higher average selling prices across most of the Group’s business segments coupled with one-off gain of US\$15.0 million from the disposal of non-core asset.

For 9M2022, selling and marketing expenses decreased by 21.8% from US\$26.1 million in 9M2021 to US\$20.4 million. This was mainly attributed to lower advertising and promotional expenses, particularly in the Group’s South-East Asia segment. For 3Q2022, selling and marketing expenses decreased by 6.5% from US\$7.3 million in 3Q2021 to US\$6.8 million.

The Group generated net operating cash flows of US\$39.6 million in 9M2022 as compared to US\$10.2 million in 9M2021. Together with the sale proceeds from the non-core asset, cash and cash equivalents stood at US\$107.1 million as at 30 September 2022.

Business Outlook

In the Group’s Russian, Kazakhstan and CIS segments, the Group is monitoring market and political developments closely and continues to maintain an adequate level of inventory to ensure minimum disruptions in operations.

In the Group’s Ukraine market, supply chain challenges continue due to the on-going conflict and the Group is monitoring the situation closely.

In the Group’s South-East Asia segment, the Group will increase its advertising and promotion activities and we expect consumer demand to remain strong.

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In Malaysia, where the Group operates non-dairy creamer (NDC), snacks and instant coffee-mix production facilities, demand has remained resilient despite inflationary pressures. The Group has been able to optimise production and show profit growth. In particular, the snack segment had significant sales increase from South-East Asia. The Group aims to achieve higher economies of scale for its Malaysia operations after the completion of the NDC factory expansion by 2024.

In India, both the Group's spray dry and freeze dry coffee plants continue to witness strong international demand. Both the plants are operating at near maximum capacity as the Group strives to optimise capacity utilisation.

Overall, the Group has demonstrated resilience despite the challenging operating environment and will strive to deliver growth. Backed by strong fundamentals and a healthy financial position, 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, frozen convenience food 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 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, 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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