



Food Empire delivered another record revenue and operating profit for 9M2023

- For 9M2023, Group’s revenue and operating profit are at historical highs.
- Revenue increased by 6.7% year-on-year (“**yoy**”) to US\$305.1 million for 9M2023 demonstrating resilient demand across all of the Group’s core markets.
- Gross margin increased to 34.8% in 9M2023 as compared to 29.2% in 9M2022 mainly due to optimisation of product mix.
- Operating profit for 9M2023 is significantly higher by 55.7% as compared to 9M2022.

Singapore, 8 November 2023 – Food Empire Holdings Limited (“**Food Empire**”, together with its subsidiaries, the “**Group**”), are pleased to provide business updates for the third quarter (“**3Q2023**”) and nine months ended 30 September 2023 (“**9M2023**”).

Financial Highlights

US\$'000	3Q2023	3Q2022	Change (%)	9M2023	9M2022	Change (%)
Revenue	106,834	108,625	(1.6)	305,080	285,981	6.7
Gross profit	36,606	31,450	16.4	106,113	83,440	27.2
Selling and marketing expenses	(7,470)	(6,797)	9.9	(23,207)	(20,376)	13.9
General and administrative expenses	(9,395)	(10,373)	(9.4)	(28,609)	(28,180)	1.5
Operating profit	19,741	14,280	38.2	54,297	34,884	55.7
Foreign exchange (loss)/gain	(359)	(3,686)	(90.3)	(1,415)	3,649	NM
EBITDA	23,391	28,548	(18.1)	64,652	66,768	(3.2)
Net profit before tax	19,819	25,103	(21.0)	53,688	57,428*	(6.5)
Net profit after tax	15,676	22,578	(30.6)	42,318	49,643*	(14.8)
Gross profit margin (%)	34.3	29.0	5.3pp	34.8	29.2	5.6pp
Net profit margin (%)	14.7	20.8	(6.1pp)	13.9	17.4	(3.5pp)

NM denotes not meaningful

*Includes a one-off gain of US\$15.0 million from the disposal of non-core asset in 9M2022.

Revenue by Segments

US\$'000	3Q2023	3Q2022	Change (%)	9M2023	9M2022	Change (%)
Russia	33,807	42,435	(20.3)	104,415	99,545	4.9
Ukraine, Kazakhstan and CIS	27,338	25,218	8.4	76,847	66,488	15.6
South-East Asia	26,715	23,815	12.2	72,572	69,208	4.9
South Asia	13,544	10,768	25.8	35,273	29,615	19.1
Others**	5,430	6,389	(15.0)	15,973	21,125	(24.4)
Total Revenue	106,834	108,625	(1.6)	305,080	285,981	6.7

** Decrease in revenue mainly due to divestment of a non-core business entity in Europe in FY2022.

The Group recorded a revenue of US\$305.1 million in 9M2023, a yoy increase of 6.7% as compared to US\$286.0 million in 9M2022 mainly due to higher volumes and/or higher pricing from all of the Group's core markets. This increase was in spite of the depreciation of the Russian Ruble and Ukrainian Hryvnia against the US dollar. In the Group's South Asia segment, the increase was driven by higher contribution from the Group's coffee manufacturing plants in India.

On a quarterly basis, the Group's revenue for 3Q2023 decreased by 1.6% to US\$106.8 million mainly due to the Group's Russia segment in view of the depreciation of the Russian Ruble partly offset by higher contribution from the Group's Vietnam and Kazakhstan markets as well as the Group's coffee manufacturing plants in India. The Group noted that all core markets including Russia had recorded higher revenue in local currency terms.

The Group recorded lower net profit after tax for 9M2023 of US\$42.3 million as compared to US\$49.6 million in 9M2022 which included a one-off gain of US\$15.0 million from the disposal of non-core asset. In addition, an exchange loss of US\$1.4 million was recorded in 9M2023 as compared to an exchange gain of US\$3.6 million in 9M2022.

For 3Q2023, the Group's net profit after tax decreased to US\$15.7 million from US\$22.6 million in 3Q2022 mainly due to an absence of a one-off gain of US\$15.0 million from the disposal of a non-core asset recorded in 3Q2022 partly offset by better operating profits and lower exchange loss.

For 9M2023, selling and marketing expenses increased by 13.9% yoy to US\$23.2 million as compared to US\$20.4 million in 9M2022. For 3Q2023, selling and marketing expenses increased by 9.9% to US\$7.5 million from US\$6.8 million in 3Q2022. This was mainly attributable to higher advertising and promotional expenses, particularly in the Group's Vietnam market.

The Group generated a cash inflow of US\$24.5 million from operating activities in 9M2023 bringing its cash and cash equivalents to US\$115.6 million as at 30 September 2023.

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Incorporated in the Republic of Singapore



Business Outlook

In all our core markets, the Group is performing well, exhibiting robustness in the demand for its products. The Group will continue to invest in strengthening our market position. However, the Group remains cautious as the global geopolitical situation continues to develop and the Group faces currency volatility in all our core markets.

In the Group's South-East Asia segment, we will continue to focus on targeted advertising and promotions in the Group's Vietnam market. The Group's non-dairy creamer and potato crisps businesses in Malaysia should remain resilient and stable despite continuing stiff market competition. The expansion of the Group's non-dairy creamer facility is ongoing and the new capacity is expected to begin commercial production in the next few months.

In the Group's South Asia segment, the Group's coffee manufacturing plants in India continue to operate at maximum capacity with strong demand and favourable pricing conditions for our freeze dry products. Despite higher raw material cost, we expect profitability to be maintained going forward.

The Group continues to monitor global geopolitical developments and economic policy changes closely and is cautious of any supply chain challenges that may arise 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 crisps. 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 thrice 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 Financial PR

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