



**Food Empire reports 7.6% growth in revenue mainly from South Asia and 24.0% growth in net profit before tax for 1Q2022**

- Revenue increased 7.6% to US\$82.6 million largely driven by contribution from the Group’s freeze dry coffee business in South Asia which commenced operations in 2Q2021.
- Net profit before tax increased by 24% due to higher average selling price, lower selling and marketing expenses, coupled with higher share of associated profit, despite higher exchange losses.
- Group expects operating environment in its Russia and Ukraine markets to be challenging amidst the on-going conflict and sanctions but overall businesses to remain resilient.

**Singapore, 11 May 2022** – Food Empire Holdings Limited (“**Food Empire**”, together with its subsidiaries, the “**Group**”), provided business updates for the 1<sup>st</sup> quarter ended 31 Mar 2022 (“**1Q2022**”).

**Financial Highlights**

US\$'000	1Q2022	1Q2021	Change (%)
Revenue	82,605	76,776	7.6
Gross profit	25,528	25,821	(1.1)
Selling and marketing expenses	6,234	9,337	(33.2)
General and administrative expenses	7,803	8,305	(6.0)
Foreign exchange loss	3,242	190	1,606.3
EBITDA	13,331	10,997	21.2
Net profit before tax	10,707	8,636	24.0
Net profit after tax	9,171	6,826	34.4
Gross profit margin (%)	30.9	33.6	(2.7pp)
Net profit margin (%)	11.1	8.9	2.2pp

*NM denotes not meaningful*



## Revenue by Markets

US\$'000	1Q2022	1Q2021	Change (%)
Russia	26,406	27,945	(5.5)
Ukraine, Kazakhstan and CIS	16,761	17,795	(5.8)
South-East Asia	24,712	24,046	2.8
South Asia	8,371	2,513	233.1
Other Markets	6,355	4,477	41.9
Total Revenue	82,605	76,776	7.6

The Group demonstrated resilience in the face of severe geopolitical challenges in its key Russia and Ukraine markets. Revenue for 1Q2022 was US\$82.6 million, a year-on-year (“yoy”) increase of 7.6% as compared to US\$76.8 million in 1Q2021 mainly due to strong contribution from the Group’s freeze dry coffee plant in India, which commenced operations in 2Q2021 after initial delays caused by the Covid-19 pandemic.

The Group’s net profit after tax increased from US\$6.8 million in 1Q2021 to US\$9.2 million in 1Q2022, mainly due to higher average selling prices of its products, lower advertising and promotional expenses, coupled with higher share of associated profit, despite higher foreign exchange loss.

For 1Q2022, selling and marketing expenses decreased by 33.2% from US\$9.3 million in 1Q2021 to US\$6.2 million mainly due to lower advertising and promotional expenses as well as lower manpower cost.

For 1Q2022, general and administrative expenses decreased by 6.0% from US\$8.3 million in 1Q2021 to US\$7.8 million. The decrease was mainly attributed to lower depreciation and inventory obsolescence provision.

## **Business Outlook**

The Group experienced an overall improvement in market sentiments as Covid-19 pandemic fears recede and many countries start to unwind social distancing measures. However, it expects the business environment in its key Russia and Ukraine markets for FY2022 to remain challenging due to ongoing conflict between the two countries, which resulted in massive uncertainties and deteriorating economic fundamentals for both Russia and Ukraine. The Russian Ruble and currencies of neighbouring CIS countries will continue to be affected by international sanctions and have exhibited severe currency volatility in tandem with the ebb and flow of geopolitical developments. In the same vein, the Ukraine economy is destabilised by the effects of war and operating conditions are extremely fluid. Nonetheless,

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demand remains firm in both markets and the Group have implemented a range of measures to mitigate disruptions and ensure business continuity.

Outside of Russia and Ukraine, the Group continues to witness an uptick in growth momentum. The Group's Vietnam market has seen strong consumer demand as its economy reopens after its Covid-19 lockdown, which allows full manufacturing activities to resume to satisfy pent-up consumer demand.

In Malaysia, where the Group operates non-dairy creamer, snacks and instant coffee mix packing facilities, business sentiment remains robust despite inflationary pressures. The Group will continue to focus on expedient supply chain management and sales pricing strategies to mitigate the surge in raw material cost. The non-dairy creamer factory expansion project is on-stream and barring any unforeseen circumstances, it is expected to be ready for commercial production before end 2Q2023.

In India, both the Group's spray dry and freeze dry coffee plants are operating at high level of capacity utilisation. In particular, the freeze dry plant which commenced operations in 2Q2021 is experiencing strong international demand and the Group expects to benefit from the trend for the foreseeable future. However, costs are expected to remain high due to record international freight rates and higher raw material prices.

Overall, the Group's businesses have shown resilience despite uncertainties and difficult operating conditions in its key markets. The Board is confident that the Group will remain resilient in the absence of prolonged and significant deterioration in geopolitical situation or factors adversely affecting global economies. The Group is helmed by an experienced management team and maintains a healthy balance sheet.

We will keep shareholders informed of any material developments as and when they unfold.

**Cautionary Statement**

Shareholders are advised to read this press release and any further announcements by the Company carefully. Shareholders should consult their stock brokers, 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>

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