

Food Empire's 1H2018 revenue jumps 12.9% with higher gross margin of 39.5%

- Increase in revenue and gross profit to US\$141.5 million and US\$55.9 million respectively driven by sales volume growth in the Group's key markets
- Net profit after tax was flat at US\$9.4 million due to higher selling and administrative expenses, higher manpower cost and exchange loss
- Group to continue its focus on new product launches and market diversification efforts going forward

Singapore, 10 August 2018 – Food Empire Holdings Limited (“**Food Empire**”, together with its subsidiaries, the “**Group**”), a global branding and manufacturing company in the food and beverage sector, announced today its financial results for the first half year ended 30 June 2018 (“**1H2018**”).

Financial Highlights

US\$'000	2Q2018	2Q2017	Change (%)	1H2018	1H2017	Change (%)
Revenue	69,316	62,808	10.4	141,459	125,248	12.9
Gross profit	26,858	23,461	14.5	55,867	48,366	15.5
Selling and distribution expenses	(12,416)	(9,713)	27.8	(24,331)	(19,284)	26.2
Net profit after tax	2,251	3,203	(29.7)	9,358	9,313	0.5
Gross profit margin (%)	38.7	37.4	130 bps	39.5	38.6	90 bps

Revenue for 1H2018 was US\$141.5 million, a year-on-year increase of 12.9% compared with the US\$125.2 million revenue recorded in 1H2017. This is attributable to sales volume growth in the Group's markets, namely Russia, Ukraine, Kazakhstan and Indochina.

Revenue by Markets

US\$'000	2Q2018	2Q2017	Change (%)	1H2018	1H2017	Change (%)
Russia	26,877	26,635	0.9	57,472	56,581	1.6
Ukraine	6,063	5,363	13.1	11,776	9,778	20.4
Kazakhstan and CIS	8,706	7,658	13.7	18,420	16,878	9.1
Indochina	13,942	9,462	47.3	26,487	16,505	60.5
Others	13,728	13,690	0.3	27,304	25,506	7.0
Total Revenue	69,316	62,808	10.4	141,459	125,248	12.9

Gross profit was US\$55.9 million, up US\$7.5 million or 15.5% as compared to prior corresponding period. Similarly, gross profit margin improved by 90 bps, from 38.6% in 1H2017 to 39.5% in 1H2018.

In line with the growth in sales, selling and distribution expenses also increased by US\$5.0 million or 26.2% from US\$19.3 million in 1H2017 to US\$24.3 million in 1H2018. This was mainly attributable to higher advertising and promotion expenses coupled with higher manpower cost.

During the period under review, the Group recorded a foreign exchange loss of US\$1.6 million in 1H2018 as compared to a foreign exchange gain of US\$1.0 million in 1H2017. As the Group is economically exposed to different markets, it will be affected by the fluctuation in currencies against the US dollar.

Pursuant to the above, the Group's net profit after tax for 1H2018 was flat at US\$9.4 million.

As at 30 June 2018, the Group's balance sheet remained healthy with cash and cash equivalents amounting to US\$41.8 million.

Commenting on the Group's results, Mr. Tan Wang Cheow, Executive Chairman of Food Empire said, "**The Group continues to perform well with growth registered in our major geographical markets of exposure. Going forward, the Group strives to continue with brand building, new product launches and market diversification efforts so as to derive new avenues for top-line growth and secure better value for shareholders.**"

Outlook

Other than product innovations and ongoing promotional activities directed at enhancing brand equity, expansion of markets into new geographical regions outside that of its core operations remains a key focal area for the Group. Specifically in February 2018, the Group announced plans to open its second Instant Coffee processing facility in Andhra Pradesh, India. This venture, with the support of Enterprise Singapore and the Government of Andhra Pradesh, is slated to complete in 2020. Upon commencement, it should provide the Group with further growth prospects.

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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 60 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 eight 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-in1 instant coffee brand in the Group's core market of Russia, Ukraine and Kazakhstan. The Group employs sophisticated brand building activities, localized 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 recognized as one of the "Most Valuable Singapore Brands" by IE 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.
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