



## Food Empire's 9M2019 net profit jumps 37.9% with higher net profit margin of 9.7%

- Revenue was 0.4% higher year-on-year (“yoy”) at US\$215.3 million, driven by sales growth in the Group's key markets.
- Increase in net profit after tax to US\$20.8 million mainly due to rationalisation of underperforming businesses coupled with lower foreign exchange loss partly offset by higher manpower cost.
- Market diversification, streamlining of business operations and strategic mergers & acquisitions to continue to be the Group's key focus going forward.

**Singapore, 11 November 2019** – Food Empire Holdings Limited (“**Food Empire**”, together with its subsidiaries, the “**Group**”), announced today its financial results for the nine months ended 30 September 2019 (“**9M2019**”).

### Financial Highlights

US\$'000	3Q2019	3Q2018	Change (%)	9M2019	9M2018	Change (%)
Revenue	76,802	72,899	5.4	215,292	214,358	0.4
Gross profit	30,531	28,199	8.3	84,590	84,066	0.6
Selling and marketing expenses	(12,359)	(11,968)	3.3	(32,053)	(36,300)	(11.7)
General and administrative expenses	(9,007)	(9,697)	(7.1)	(27,904)	(27,995)	(0.3)
Foreign exchange loss	(961)	(1,153)	(16.7)	(125)	(2,709)	(95.4)
Net profit after tax	7,778	5,761	35.0	20,848	15,119	37.9
Gross profit margin (%)	39.8	38.7	1.1 pp	39.3	39.2	0.1 pp
Net profit margin (%)	10.1	7.9	2.2 pp	9.7	7.1	2.6 pp

### Revenue by Markets

US\$'000	3Q2019	3Q2018	Change (%)	9M2019	9M2018	Change (%)
Russia	29,302	28,711	2.1	83,693	86,183	(2.9)
Ukraine	7,801	6,182	26.2	21,420	17,958	19.3
Kazakhstan and CIS	9,643	9,413	2.4	28,700	27,833	3.1
Indochina	15,608	13,056	19.5	42,328	39,543	7.0
Others	14,448	15,537	(7.0)	39,151	42,841	(8.6)
<b>Total Revenue</b>	<b>76,802</b>	<b>72,899</b>	<b>5.4</b>	<b>215,292</b>	<b>214,358</b>	<b>0.4</b>

Revenue for 9M2019 was US\$215.3 million, a yoy increase of 0.4% as compared to US\$214.4 million revenue recorded in 9M2018. This was mainly due to higher sales in local currency terms in the Group's key markets partly offset by lower sales contribution from the Group's Other Markets mainly due to rationalisation of underperforming businesses coupled with lower translated revenue resulting from depreciation of the Russian Ruble against the US dollar.

Gross profit was US\$84.6 million, up 0.6% as compared to prior corresponding period, with gross profit margin of 39.3%.

Selling and marketing expenses were lower by US\$4.2 million or 11.7% from US\$36.3 million in 9M2018 to US\$32.1 million. The decrease was mainly due to rationalisation of underperforming businesses.

General and administrative expenses decreased by US\$0.1 million from US\$28.0 million in 9M2018 to US\$27.9 million.

Foreign exchange loss decreased by US\$2.6 million or 95.4% from US\$2.7 million in 9M2018 to US\$0.1 million.

Pursuant to the above, the Group's net profit after tax for 9M2019 was US\$20.8 million, a yoy increase of 37.9%. Net profit margin was 2.6 percentage points ("**pp**") higher, at 9.7% for 9M2019.

As at 30 September 2019, the Group's balance sheet remained healthy with cash and cash equivalents amounting to US\$44.6 million.

Commenting on the Group's results, Mr. Tan Wang Cheow, Executive Chairman of Food Empire said, **"I'm pleased to note that we remain on track to implement our multi-year plan to strengthen the Group by focusing on sustainable growth through organic initiatives and pursuing M&A opportunities. Meanwhile we are continuing efforts to rationalise our underperforming businesses, streamline operations and consolidate our Group structure, which were reflected in a good set of numbers for 9M2019."**

#### **Outlook**

The global economy is projected to grow at a slower pace for the remaining part of 2019 as a result of continuing trade tensions between the U.S. and China. In spite of this, the Group expects business to remain resilient and it will continue to focus its efforts to grow key markets, streamline business operations and consolidate its Group structure so as to create a stronger foundation for future development. The Group may face currency volatility in core markets such as Russia, Ukraine, Kazakhstan and CIS countries, which could impact the results of the Group.

The construction of the Group's second coffee plant in India is on track and trial production is expected to commence in early part of 2020. The Group will focus its efforts to ensure its timely commissioning.

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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 50 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 8 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-in-1 instant coffee brand in the Group's core market of Russia, Ukraine and Kazakhstan. 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.

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 Financial PR Pte Ltd**

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