

CENTURY PACIFIC FOOD, INC.

(PSE: CNPF)

FIRST QUARTER 2017 RESULTS PRESENTATION

MAY 11, 2017





SUMMARY OF INVESTMENT HIGHLIGHTS



Investment Highlights



1

Market Leadership

- Dominates the canned tuna and canned meat categories locally*, with a growing presence in milk
- Company's brands are the brands of choice for Filipino consumers

2

Multiple Brands & Products

- A broad product portfolio catering to different tastes and needs, to capture a larger share of consumers' wallet and stomach
- Diversification of risk and input price exposures

3

Strong Focus on Marketing and Innovation

- Innovative marketing campaigns to create must have and aspirational brands
- Strong R&D process to launch products and improve profitability

4

Extensive Market Penetration and Distribution

- Products available in 760,000 points of sale locally (*source: Nielsen*)
- A growing network of food service and international accounts

5

Trusted Partner for International Customers

- Long standing relationships with large international private label customers, initially just for tuna, but now also for various coconut products

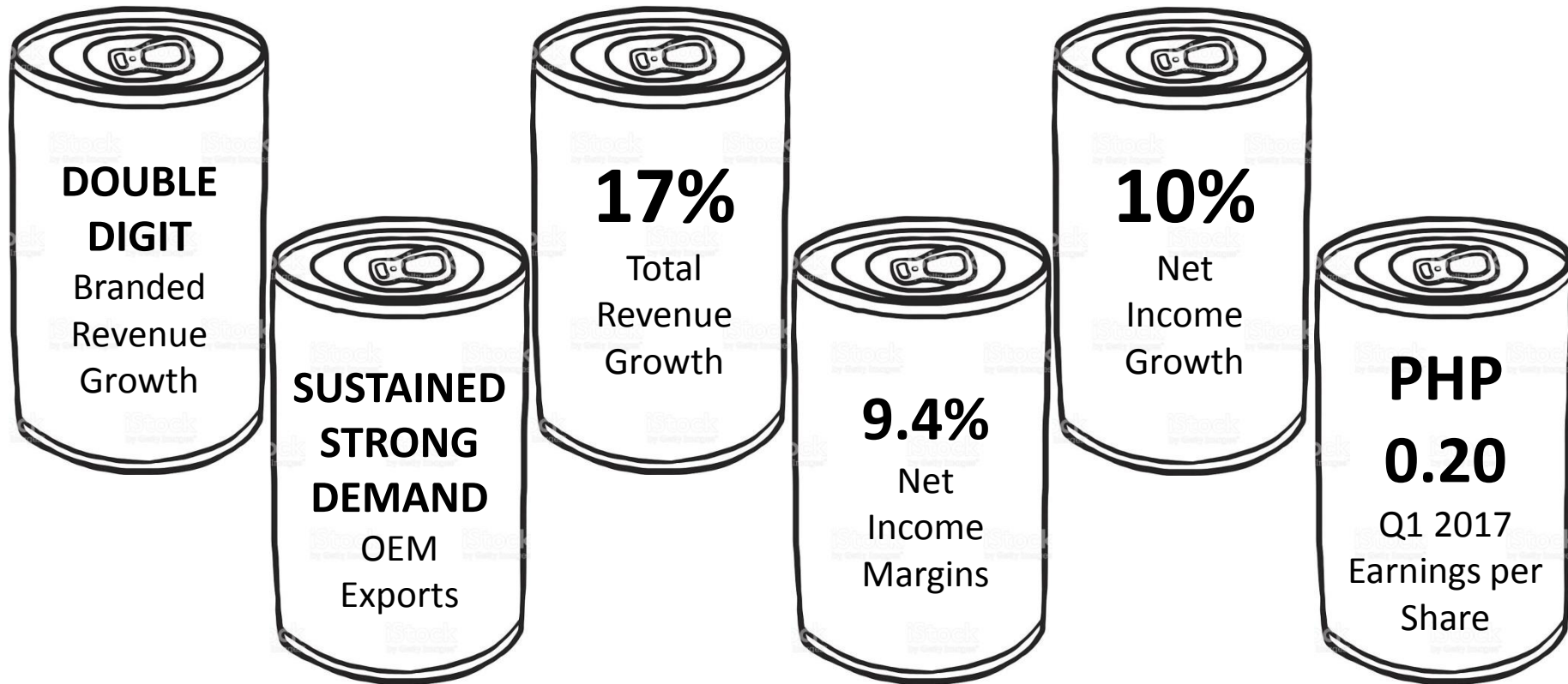
*Source: Nielsen



FIRST QUARTER 2017 FINANCIAL PERFORMANCE



Q1 2017 Results Highlights



Q1 2017 Financial Performance



in PHP Mill	Q1 2016	Q1 2017	Change YoY
Net Revenues	6,397	7,478	17%
Cost of Sales	4,464	5,393	21%
Gross Profit	1,933	2,085	8%
Operating Expenses	1,056	1,174	11%
Operating Income	860	955	11%
EBITDA	934	1,074	15%
Income Before Tax	851	933	10%
Income Tax	215	231	7%
Net Income	636	701	10%
EPS (PHP/sh)	0.18	0.20	8%
Margins (%)			
Gross	30.2%	27.9%	-2.3pps
Operating	13.4%	12.8%	-0.7pps
Net Income	9.9%	9.4%	-0.6pps
Effective Tax Rate	25.3%	24.8%	-0.5pps

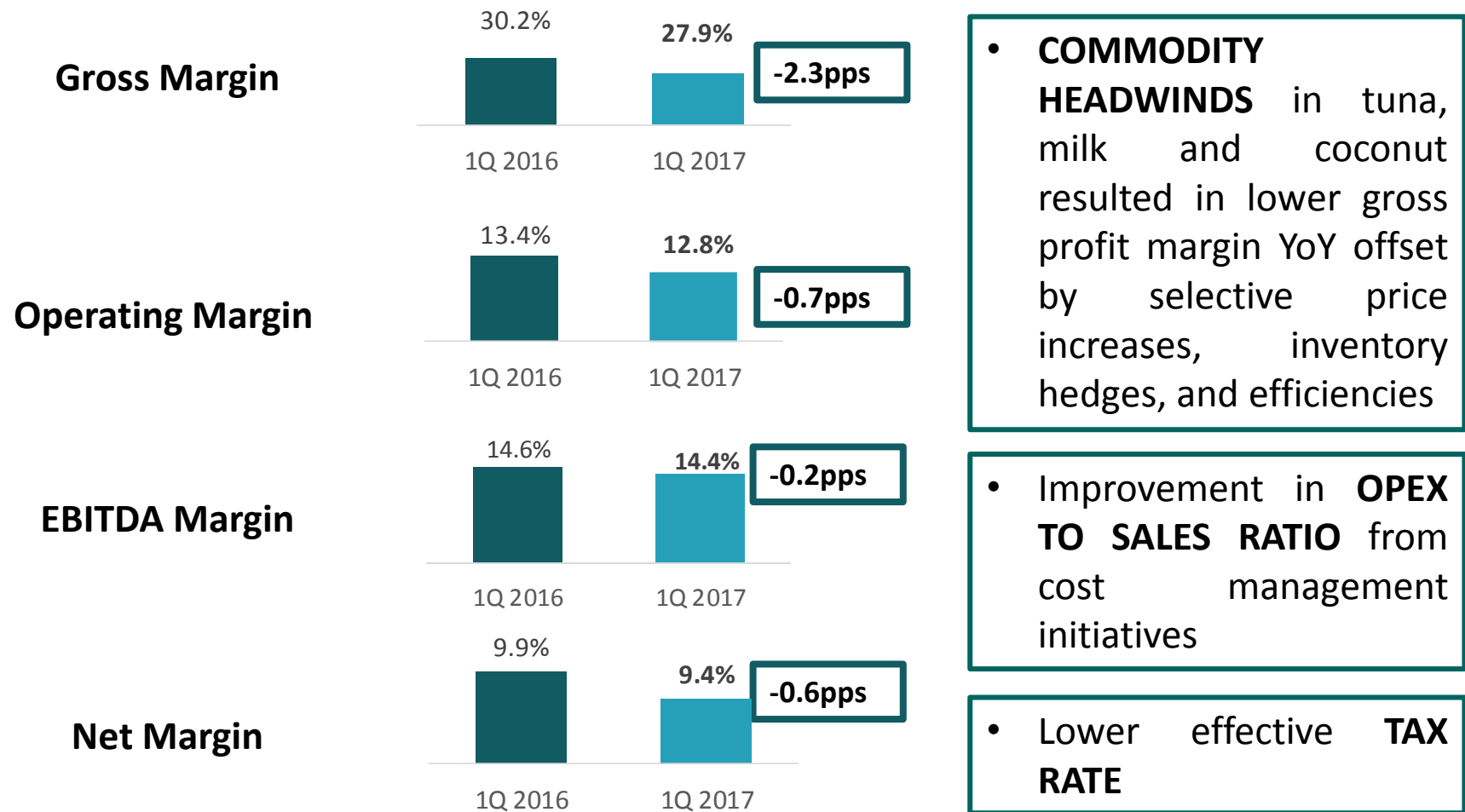
- 10% **BRANDED REVENUE** growth
- 41% growth in **OEM EXPORT** sales

- Higher **INPUT COSTS**
- Change in **SALES MIX** towards lower-margin OEM

- **COST MANAGEMENT** initiatives

Note: *Q1 2016 EPS adjusted for 50% stock dividend

OPEX Management Softens Lower GPM



Balance Sheet Highlights



in PHP mill	2016	Q1 2017
Cash	696	1,456
Receivables	3,955	3,981
Inventory	7,529	7,931
Current Assets	12,758	14,031
PPE	3,945	4,080
Noncurrent Assets	7,175	7,322
TOTAL ASSETS	19,932	21,353

- Increase in **CASH** due to improved working capital management
- **PLANT CAPACITY** expansion for coconuts

in PHP mill	2016	Q1 2017
Trade and Other Payables	4,730	5,233
Notes Payable – Current	671	671
Long-Term Loan	1,634	1,634
TOTAL LIABILITIES	7,393	8,086
Retained Earnings	4,015	4,716
TOTAL EQUITY	12,539	13,267
BVPS (PHP/sh)*	3.54	3.75

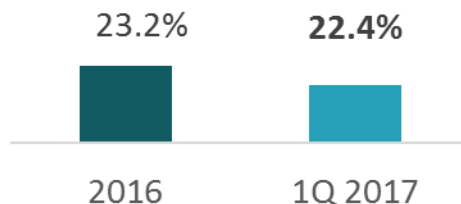
- Increasing costs translated to higher **TRADE PAYABLES** and accruals
- Q1 2017 **NET INCOME** of PHP701 million

Key Balance Sheet Metrics



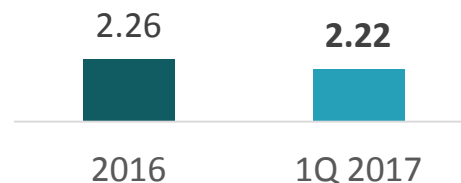
Return on Equity (%)

using trailing 12 months' earnings and average equity



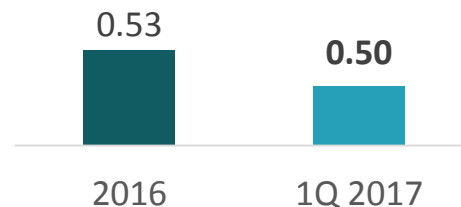
- Maintained above 20% type **ROEs**

Current Ratio (x)



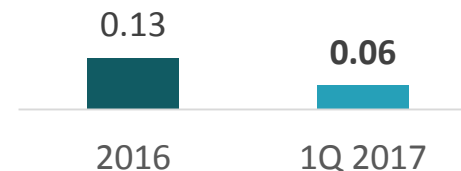
- Slight decline in **CURRENT RATIO** due to higher payables

Net Debt to Equity (x)*



- **LIABILITIES** mostly non-interest bearing
- Lower **GEARING** due to increased cash level

Net Gearing (x)**



- Favorable **LEVERAGE** ratios provide financing flexibility

Notes: *Net debt to equity = (Total Liabilities Less Cash) / Equity

**Net gearing = (Interest-bearing Liabilities Less Cash) / Equity

Cash Flow Highlights



In PHP mill	Q1 2016	Q1 2017
Profit before tax	851	933
Depreciation	74	119
Working capital change	(126)	166
Income tax	(215)	(231)
OPERATIONS CASH FLOWS	599	1,018
Additions to PPE	(217)	(253)
INVESTING CASH FLOWS	(217)	(253)
Changes in equity	0	17
Finance costs	(9)	(22)
FINANCING CASH FLOWS	(9)	(5)
NET CHANGE IN CASH	373	760
Cash, ENDING	1,096	1,456
FREE CASH FLOW	382	765

- Higher **DEPRECIATION** due to capacity expansion

- PHP253m **CAPEX** for additional coconut production lines

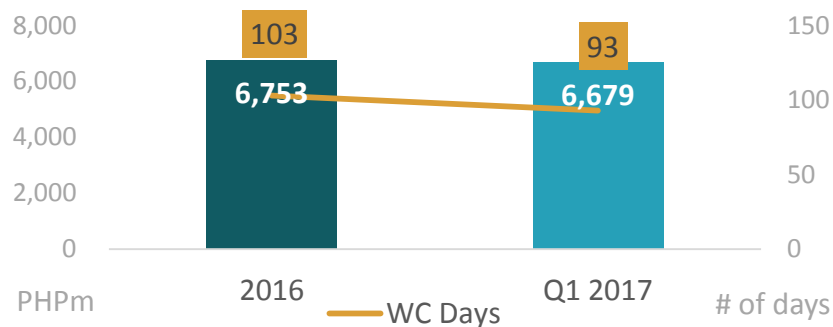
- Additional capital from **EMPLOYEE STOCK PURCHASE PLAN**

- Higher **FREE CASH FLOWS** due to improved operating cash flows

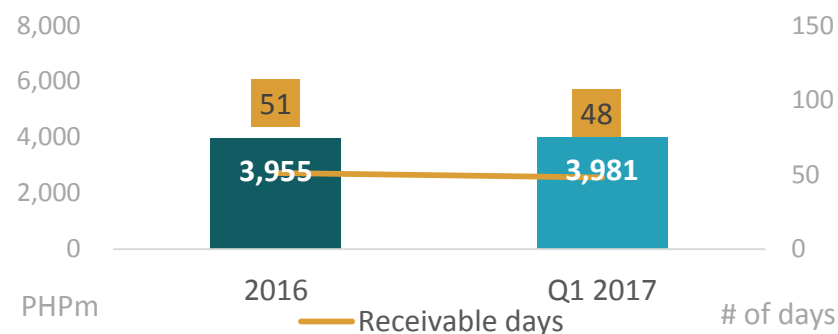
Working Capital



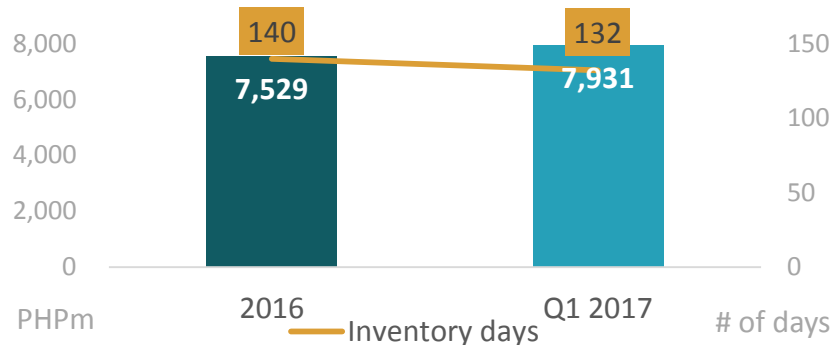
Working Capital



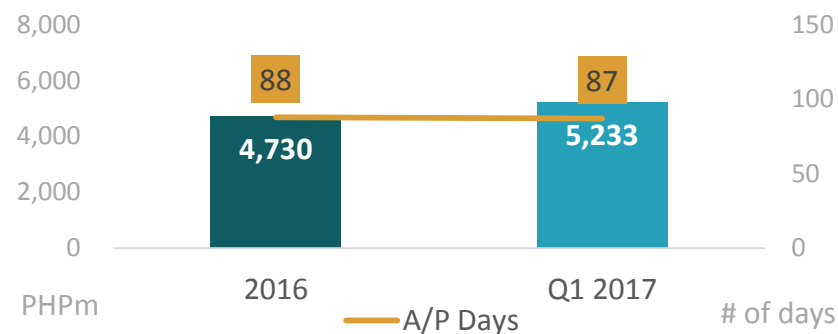
Receivables



Inventory

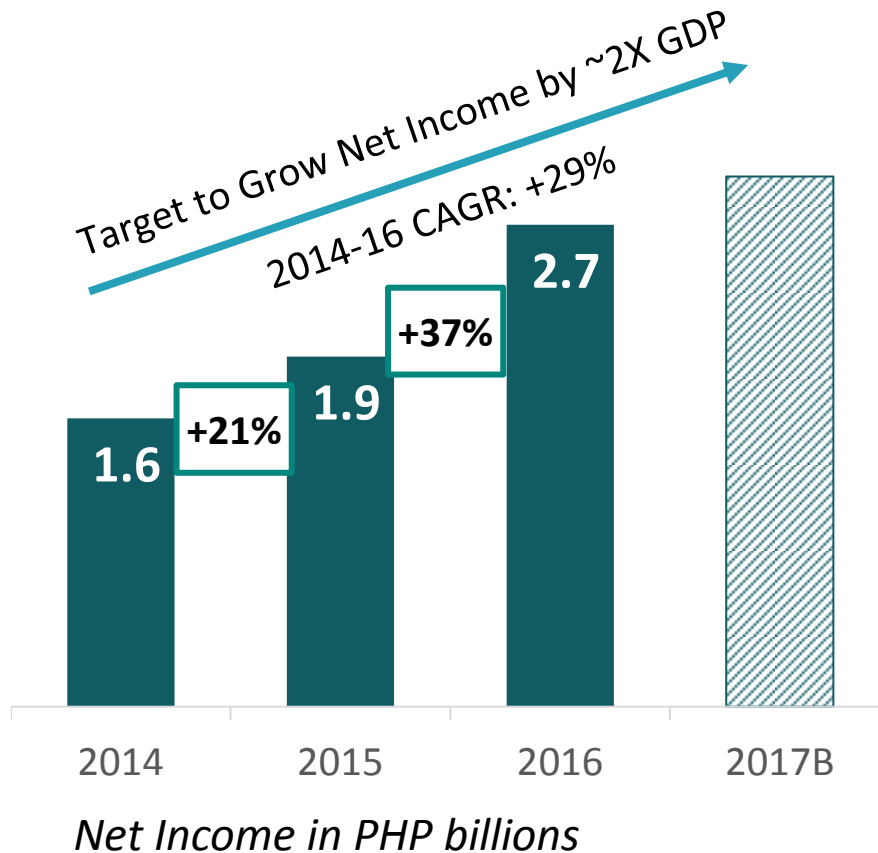


Payables



- Maintained working capital of PHP6.7b
- Declining inventory days as raw material covers are gradually used up
- Slight improvement in receivable days due to process enhancement and efficiencies

FY17 Guidance and Outlook



- Challenging year but target to maintain Q1 2017 performance
- Higher sales contribution from OEM businesses
- Margin pressure from rising commodity prices
- Brand and pricing management, cost reduction and efficiency initiatives to help offset higher input costs
- CAPEX 2017F: PHP1.2 - 1.5 bill



STOCK HIGHLIGHTS



Stock Highlights



MARKET CAPITALIZATION

\$0.8B

December 2015

\$1.2B

May 2017

AVERAGE DAILY VALUE TRADED

\$0.2M

2015

\$0.9M

YTD 2017

Source: Maybank ATR 2017 Estimates	CNPF	Phil Consumer Average
PER	20.0x	21.0x
Operating Margin	12.6%	11.0%
ROE	22.2%	16.4%

52-Week Stock Price Performance (Bloomberg Ticker: CNPF PM)

PHP/SHARE



Investor Relations



As of 05/08/17	
Current Price	PHP16.86
52 Week Range	PHP12.75-18.60
YTD Avg Turnover	USD0.9 Million
Market Capitalization	PHP59.72 Billion USD1.20 Billion
Free Float	23.8%
12 Mo Absolute Performance	+32.3%
12 Mo Relative to Index	+18.4%
3 Mo Absolute Performance	+2.8%
3 Mo Relative to Index	-7.2%

ASIAMONEY

Philippines' Best Managed Company
Small Cap (2016)

FinanceAsia

Philippines' Best Company
Mid Cap (2016)

MSCI 

MSCI Philippine Small Cap
May 31, 2016



FTSE Index Small Cap and AllCap – Asia Pacific
March 20, 2017

Sell-Side Coverage

Deutsche Bank 

CLSA

 **Maybank**

Jefferies   **DBS**
VICKERS
SECURITIES

COL FINANCIAL
PHILIPPINES


RCBC

NOMURA

 **SECURITY BANK**



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