



CENTURY PACIFIC FOOD, INC.

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PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor Philippine Stock Exchange Plaza,
Ayala Triangle, Ayala Avenue,
Makati City, Philippines

Attention: **MR. JOSE VALERIANO B. ZUÑO III**
Officer-in-Charge, Disclosure Department

RE: **PRESS RELEASE - Century Pacific revenues grew by 22%, with earnings behind pace amidst a challenging environment**

Gentlemen:

Please be informed that Century Pacific Food Inc (CNPF) is issuing the attached press release entitled "Century Pacific revenues grew by 22%, with earnings behind pace amidst a challenging environment".

Very Truly Yours,

GIOVANNA M. VERA

Head - Investor Relations



CENTURY PACIFIC FOOD, INC.



Century Pacific revenues grew by 22%, with earnings behind pace amidst a challenging environment

Century Pacific Food, Inc. (CNPF) saw consolidated revenues grow by 22% year-on-year, hitting record high sales of Php34.50 billion for the full-year 2017.

CNPF is the Philippines' largest canned food company and a leading exporter of original equipment manufacturer (OEM) tuna and coconut products.

However, profits saw a dip of 4% in 2017, to Php2.55 billion, due primarily to higher raw material prices relative to their cyclical lows the year before.

The Company's earnings before interest, taxes, depreciation and amortisation remained largely unchanged year-on-year, at just over Php3.95 billion, for the latest twelve-month period.

"Amidst a more challenging input cost environment, our businesses fared relatively well. During this time, we've adopted a more conservative approach towards price increases in the face of inflationary pressures. This has helped further solidify our market shares, increase sales volume, and puts us in a good position to benefit once raw material prices soften," said Executive Chairman Christopher Po.

The Company saw robust top line growth across all business units throughout 2017.

For the full-year, its branded business registered an 18% increase in sales to Php24.90 billion, with all three units – Marine, Meat and Milk – posting double-digit revenue growth.

OEM sales likewise surged by 34%, to Php9.60 billion, as the tuna OEM segment benefited from increased export activity and higher average selling prices year-on-year.

"We are happy to note the sustained demand for our products across all segments. Our tuna OEM business performed well in 2017 owing primarily to the recovery of the global tuna market. OEM coconut also achieved key product diversification milestones during the year. For our branded segments, we saw consistent revenue expansion in core units and an increased presence in emerging categories," added Po.

In terms of profitability, the Company faced some challenges with gross profit down slightly to Php8.52 billion. Operating income was down 5% to Php3.43 billion, relative to the same period last year.

“Though headwinds coming from cost pressures are likely to remain into the early part of 2018, we have already seen softening in the prices of raw materials and look forward to an improvement in margins beginning middle of this year. Meanwhile, we are focused on keeping expenses low and ensuring that our buoyant top-line growth continues,” said Po.

He added, “The Company's overall resilience during this period is attributable to a diversified product base, robust sales, efficient operations, and a management team that is committed to delivering long-term earnings growth. All these have allowed us to achieve a compounded annual net income growth rate of 17% since 2014, higher than our existing targets of 10 to 15%.”

As of year-end 2017, CNPF also maintained its healthy balance sheet and financial flexibility with net debt-to-equity at 0.51x and net gearing at 0.15x. Net interest-bearing debt to EBITDA stood at 0.55x.

During the year, cash flows also saw marked improvement with cash generated from operations at Php2.21 billion and free cash flow at Php680 million for the full-year 2017.

The Company likewise sustained its above-industry average return on equity of 19% as of December 2017.

About CNPF

Century Pacific Food, Inc. (PSE: CNPF), the Philippines’ largest canned food company, is engaged in the development, marketing, and distribution of processed fish, meat, dairy, and coconut under its own brands, as well as the brands of others. It maintains market leadership locally in the canned fish and canned meat segments, while actively growing its presence in canned and powdered milk. With an established track record in brand-building spanning close to 40 years, it has developed a roster of household names which include *Century Tuna*, *Argentina*, *555*, *Angel*, and *Birch Tree*.

The Company is also a leading exporter of OEM tuna and coconut products in the Philippines.