



# MANAGEMENT'S REPORT

**Christopher T. Po**

Executive Chairman

Annual Stockholders' Meeting  
July 1, 2019 at Marco Polo Ortigas

# Listed on the Stock Exchange 5 years ago...



Listing Ceremony May 2014



## OUR TARGET

Our direction as a company is to grow the business 10% to 15% a year for the next 10 years.



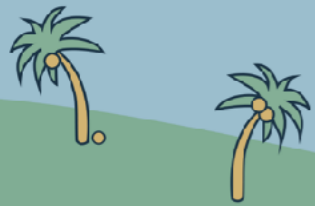


# OUR TARGET

**Doubling in Size  
Every 5 Years**



**How have we  
progressed  
since then?**

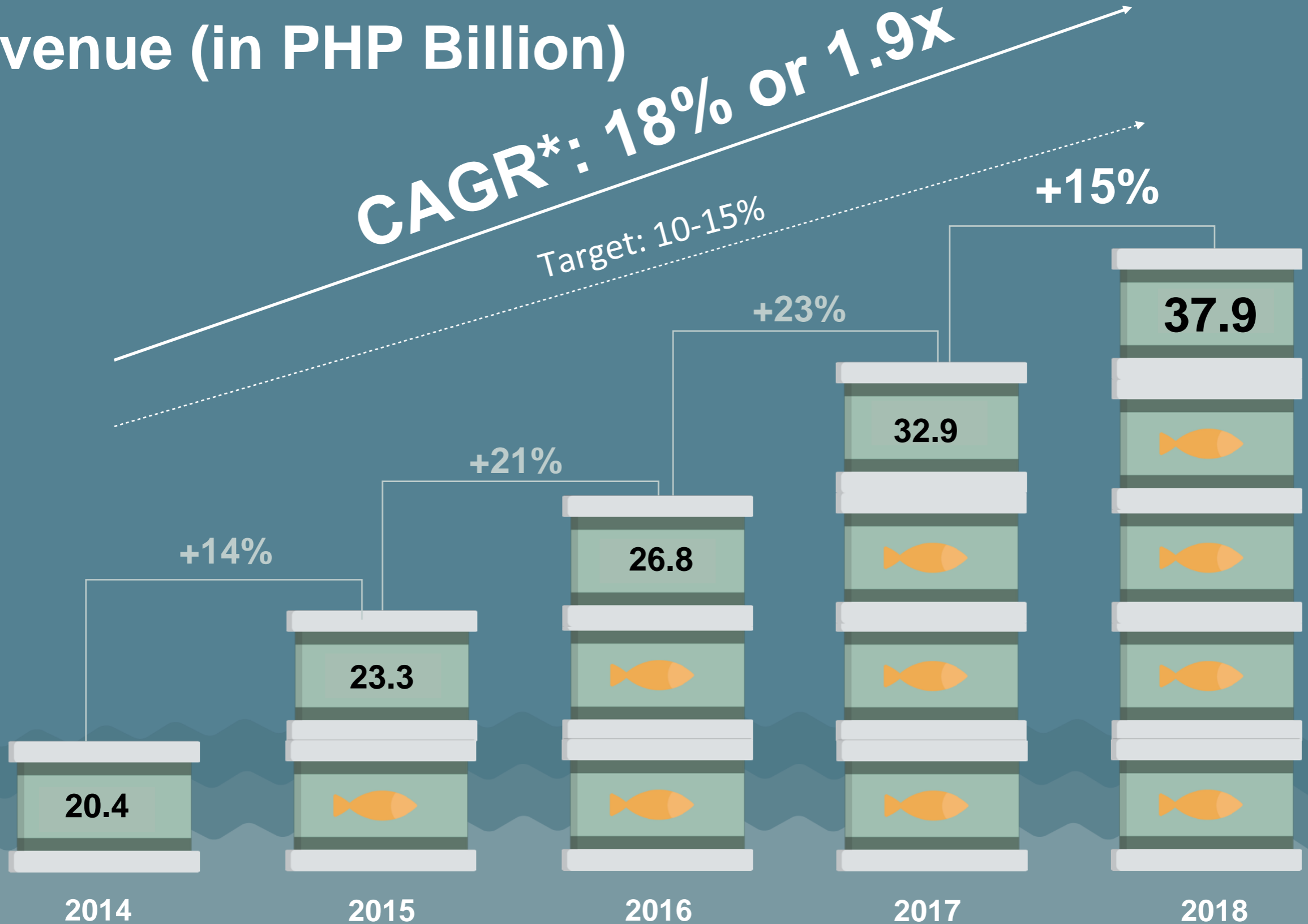


# FULL-YEAR FINANCIALS

Revenue (in PHP Billion)

CAGR\*: 18% or 1.9x

Target: 10-15%



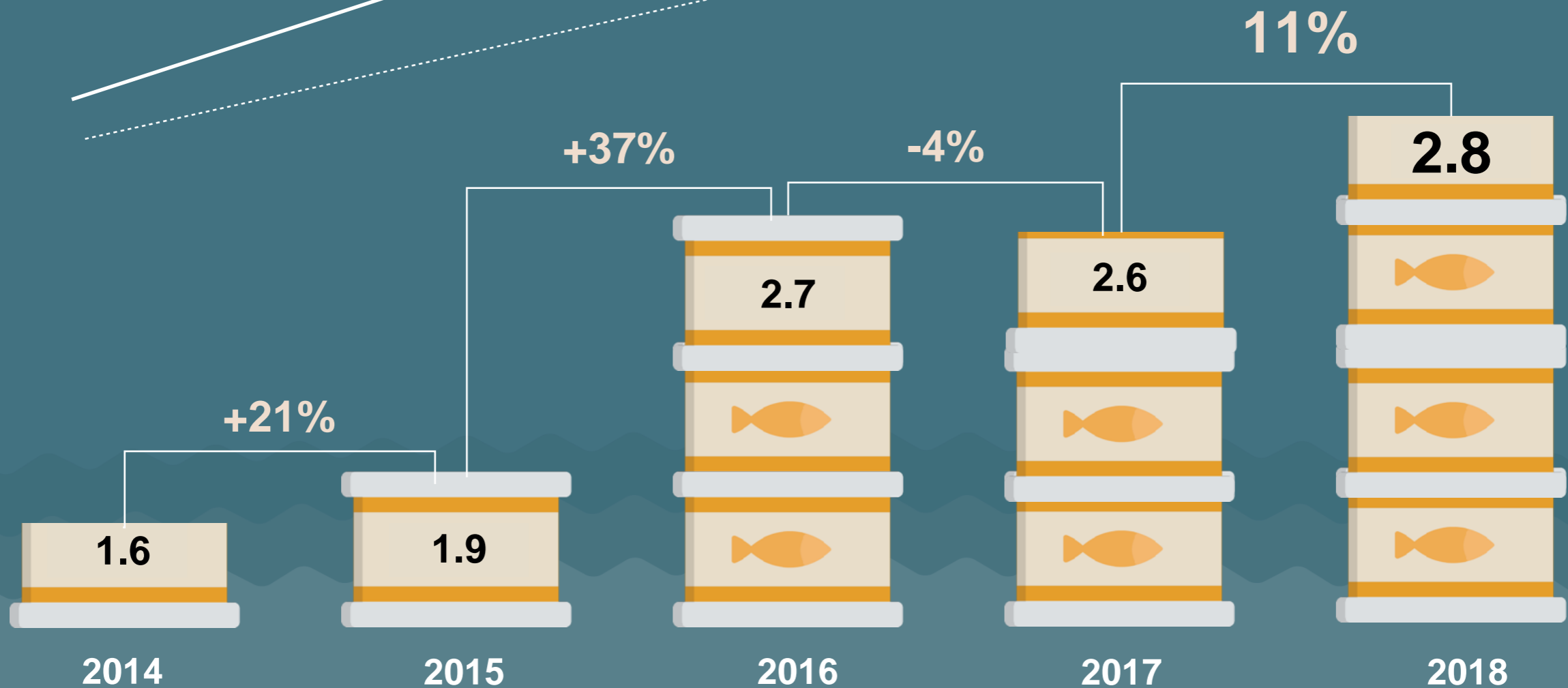
\*Figures 2016 onwards are adjusted for IFRS 15, with CAGR based on pre-adjusted revenues  
2016 year-on-year growth based on pre-IFRS 15 figures

# FULL-YEAR FINANCIALS

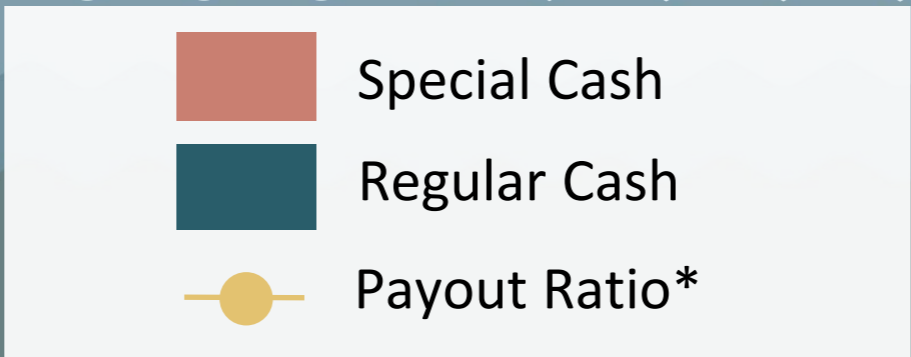
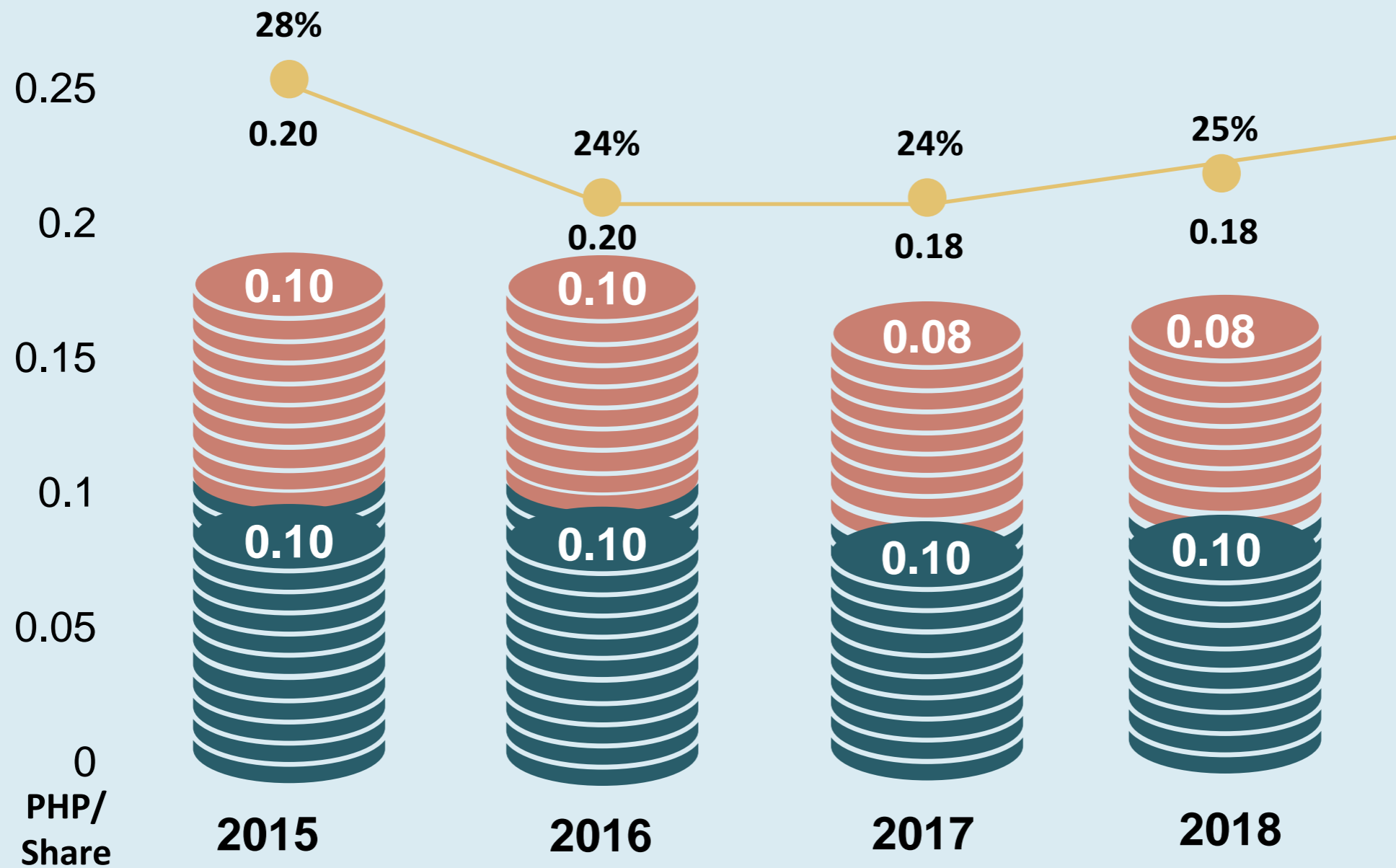
## Net Income (in PHP Billion)

**CAGR: 16% or 1.8x**

Target: 10-15%



# CONSISTENTLY PAYING DIVIDENDS



\*Of previous year's net income

...and in 2019, paying again another



**PHP 0.18 cents  
a share  
CASH DIVIDEND**

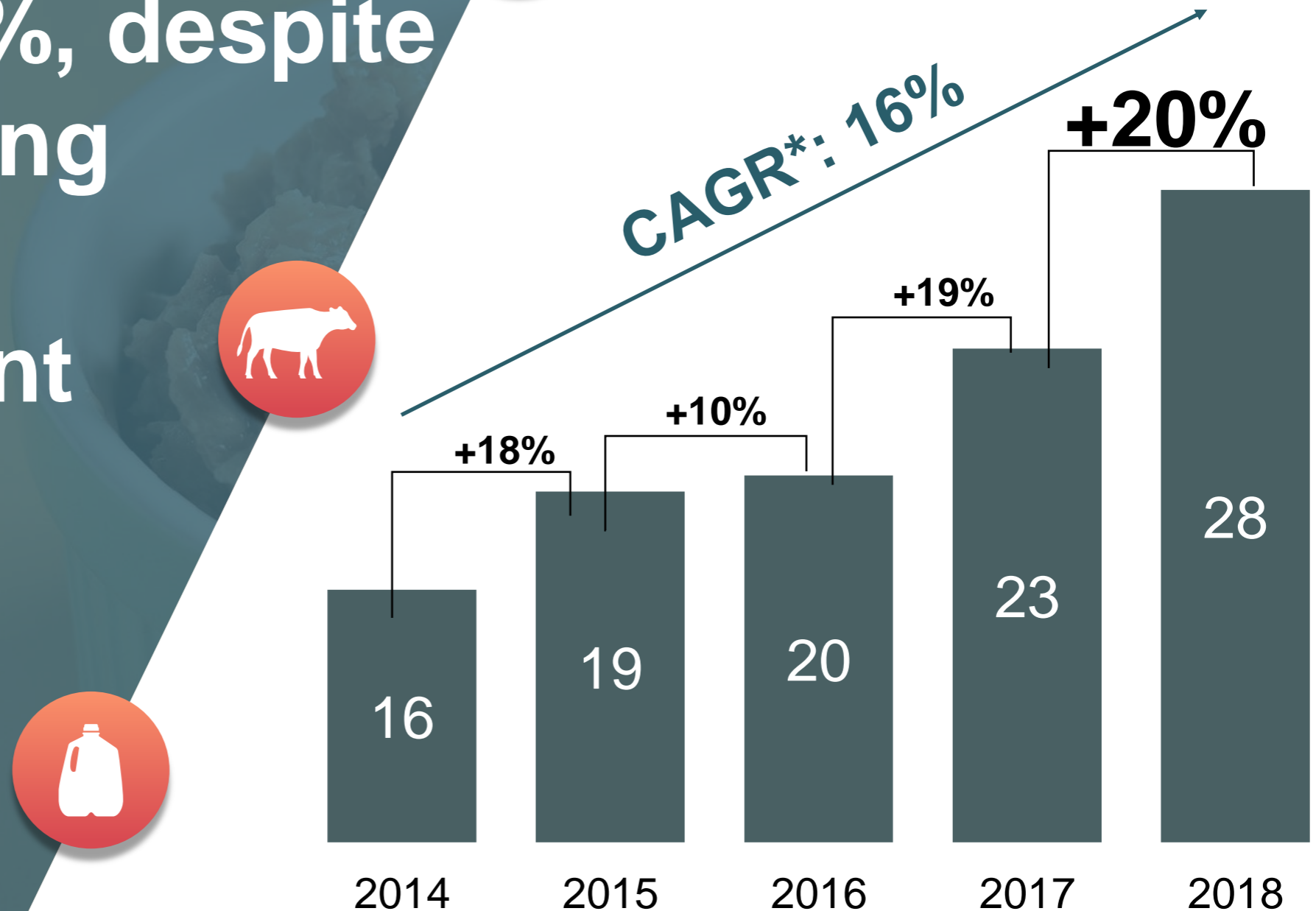
The background of the slide is a grayscale photograph. In the foreground, a white ceramic bowl with vertical ridges is filled with oatmeal. To the right, a white ceramic spoon is partially visible. In the background, a can of Centra Cornmeal Thins is visible, with the brand name and product name clearly legible. The entire scene is overlaid with a semi-transparent dark teal rectangle containing the text.

**2018**

**HIGHLIGHTS**

① Branded revenues grew at a vigorous pace of 20%, despite a challenging consumer environment

## Branded Revenue (in PHP Billion)

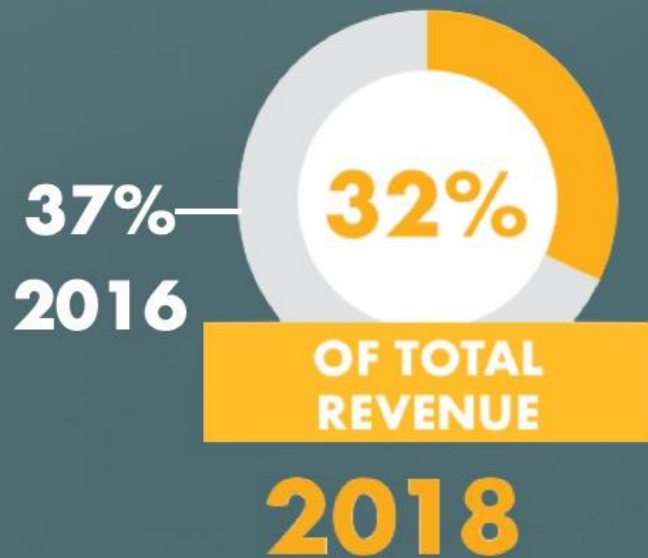


\*Figures 2016 onwards are adjusted for IFRS 15, with CAGR based on pre-adjusted revenues  
2016 year-on-year growth based on pre-IFRS 15 figures

# Also Diversifying Our Revenue Stream



## Marine



## Milk

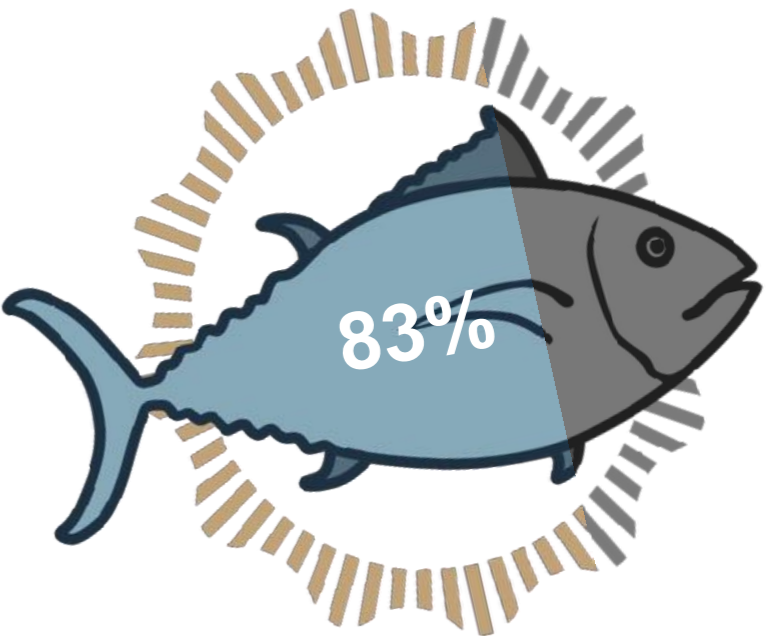


## Meat



\* 2016 based on pre-IFRS 15 figures

# Growing Category and Consumption in **Marine**

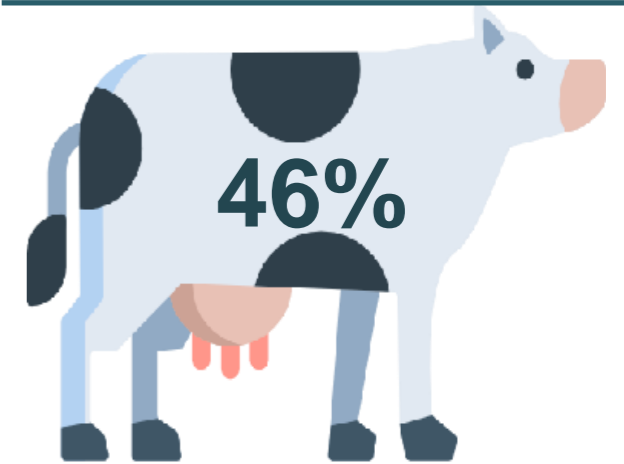


Canned Tuna Market Share of CNPF, Dec 2018

Source: Nielsen



# Solid Double-Digit Growth in **Meat**



**Corned Beef Market Share,  
December 2018**  
Source: Nielsen



# Huge Market Share Gains in Milk

**+66%**

Milk Revenue Growth in FY 2018

**+49%**

Milk 2-Year Revenue CAGR FY 2016-2018



**18%**

**2%**

**Exponential growth in Powdered Milk Market Share**

Jan '16

Jan '18

Current

Source: Nielsen



## 2 OUR DISTRIBUTION INFRASTRUCTURE

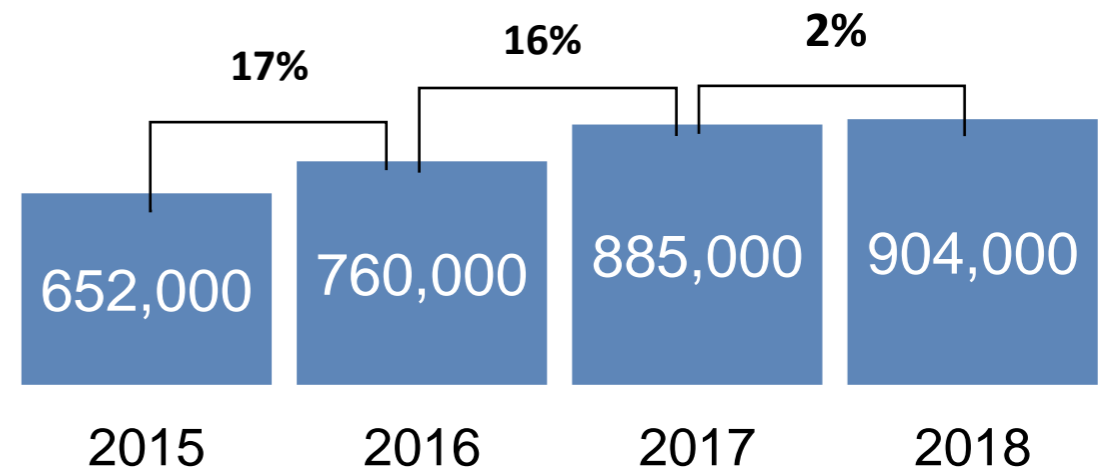
Continue the optimization of our network to maximize reach while limiting increases in cost

904,000

Total Philippine Outlets Products are Available In

78%

Availability as a Percentage of Total Points of Sale in the Philippines



Estimated Growth in Availability of Products

Source: Nielsen

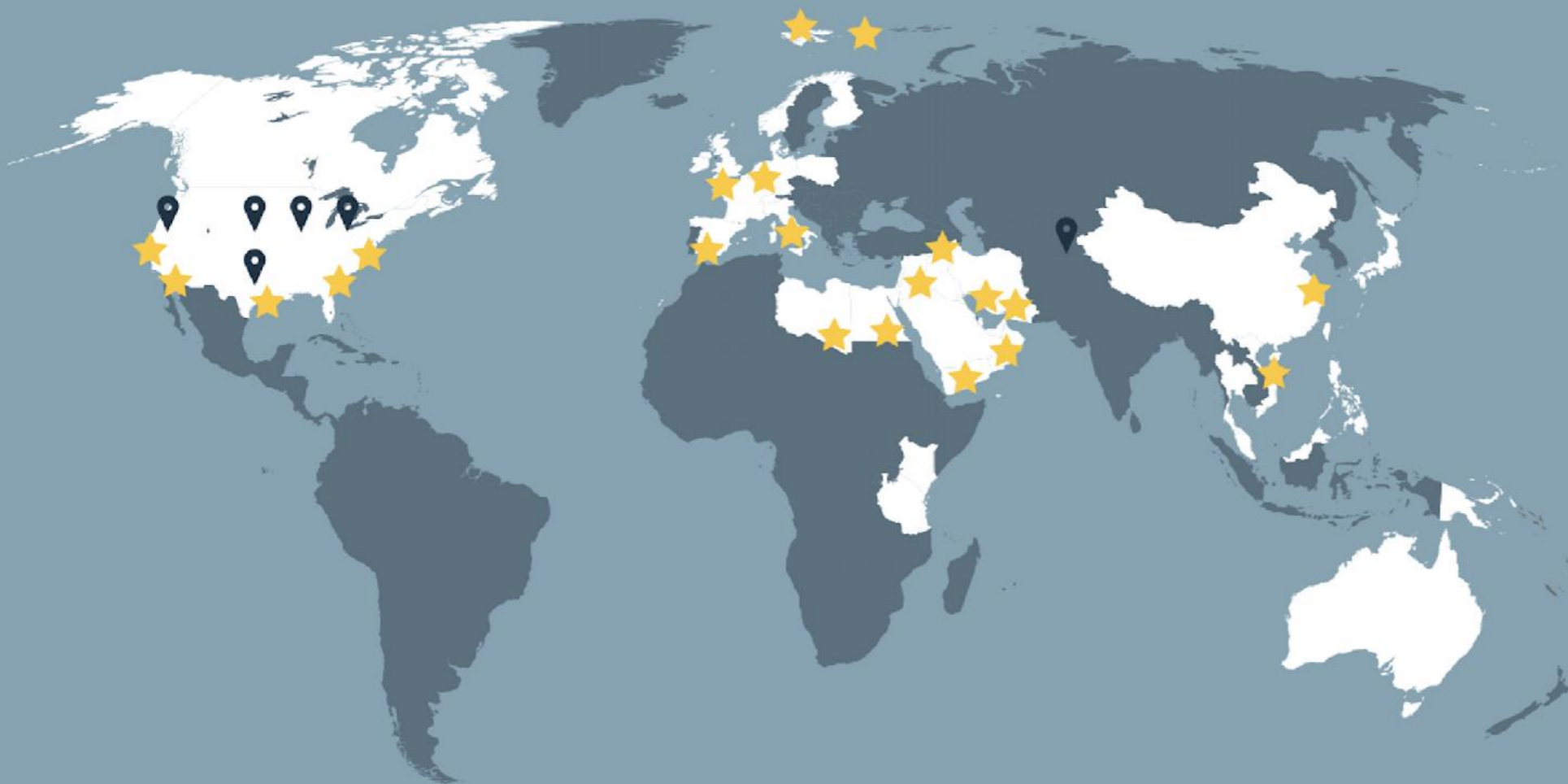
**3** Growing alternative sales channels, serving both branded products internationally and institutional food service clients locally

**c.19k**

Restaurants Served in  
FY 2018

**+34%**

Food Service Sales  
Growth FY 2018



**62**

Countries where CNPF  
products are now  
available

4 Consistent demand for OEM products provide scale, expertise, and FX hedge



## Coconut OEM Diversification

2013

Coconut Water

2015

Virgin Coconut Oil

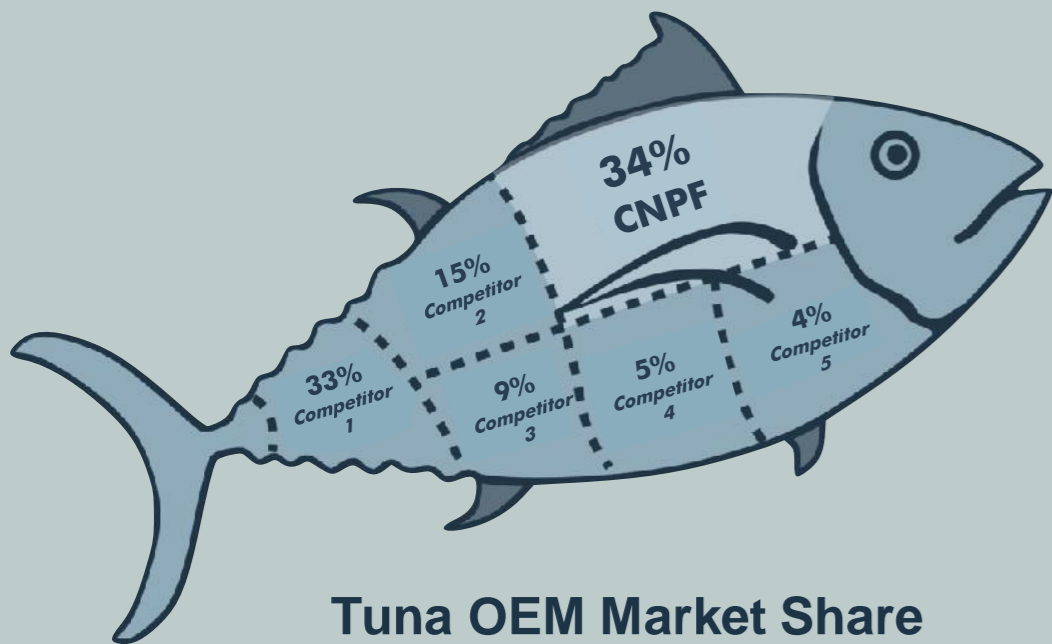
2017

Desiccated Coconut

Coconut Flour

2018

Coconut Milk / Cream



Tuna OEM Market Share  
Bureau of Customs, 2018

⑤ Balance Sheet remains well positioned to take advantage of other opportunities

**2.03x**  
Current  
Ratio

**1.02x**  
Net Interest-  
Bearing Debt-to-  
EBITDA Ratio

**0.28x**  
Net Gearing  
Ratio



**0.71x**  
Net  
Debt-to-Equity  
Ratio

**PHP**  
**30,337M**

Total  
Assets

**PHP**  
**13,613M**

Total  
Liabilities

**PHP**  
**16,725M**

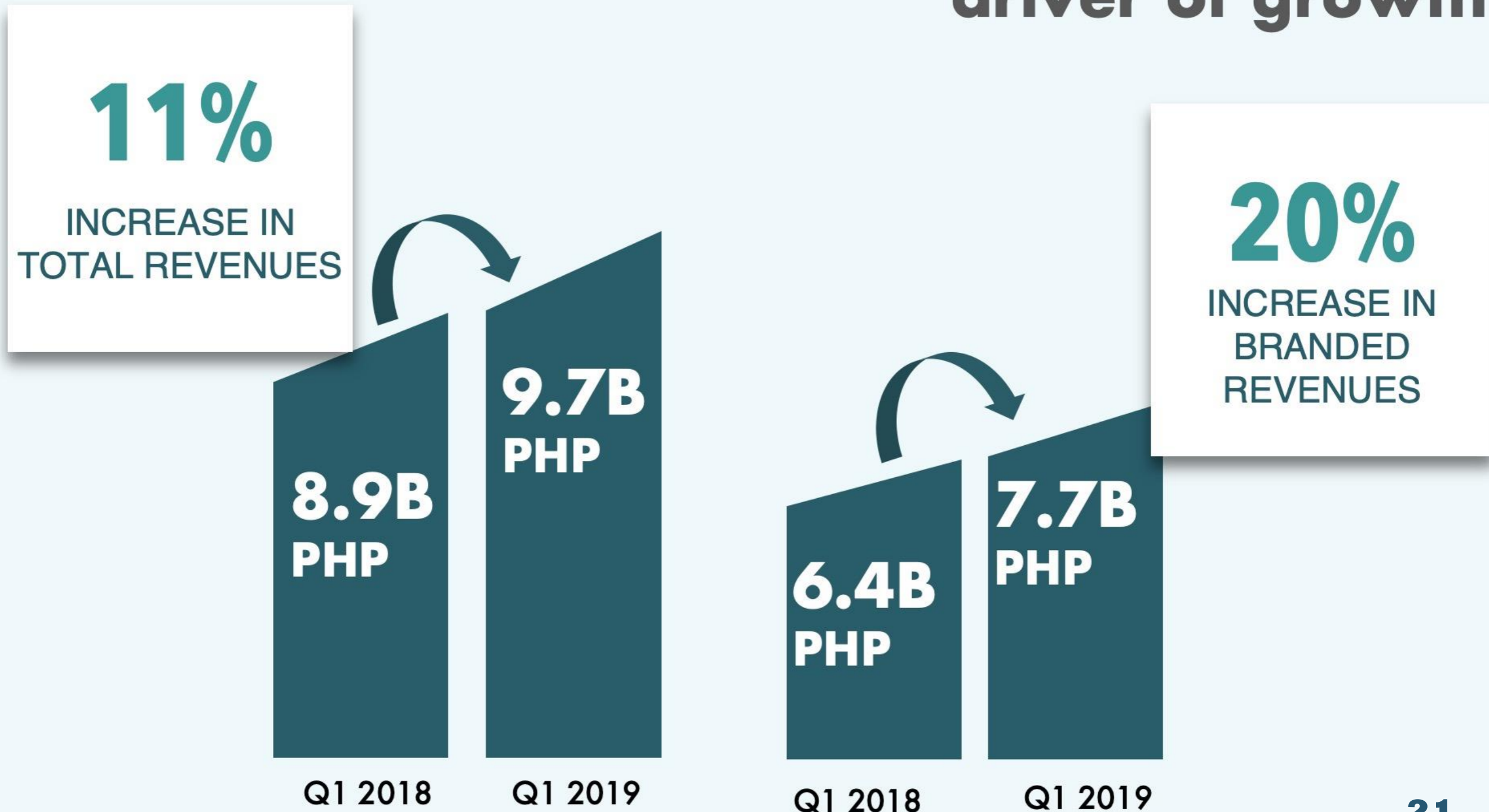
Total  
Equity



**So far, in 2019...**

# Double Digit Growth on Revenue

...with branded as key driver of growth

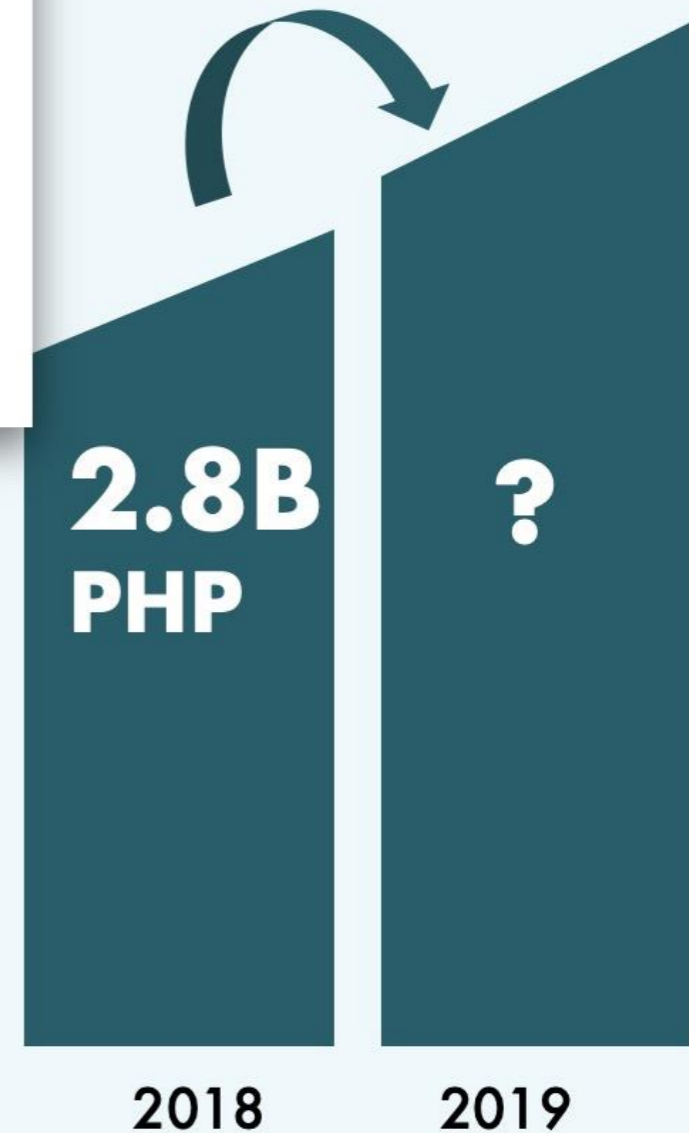
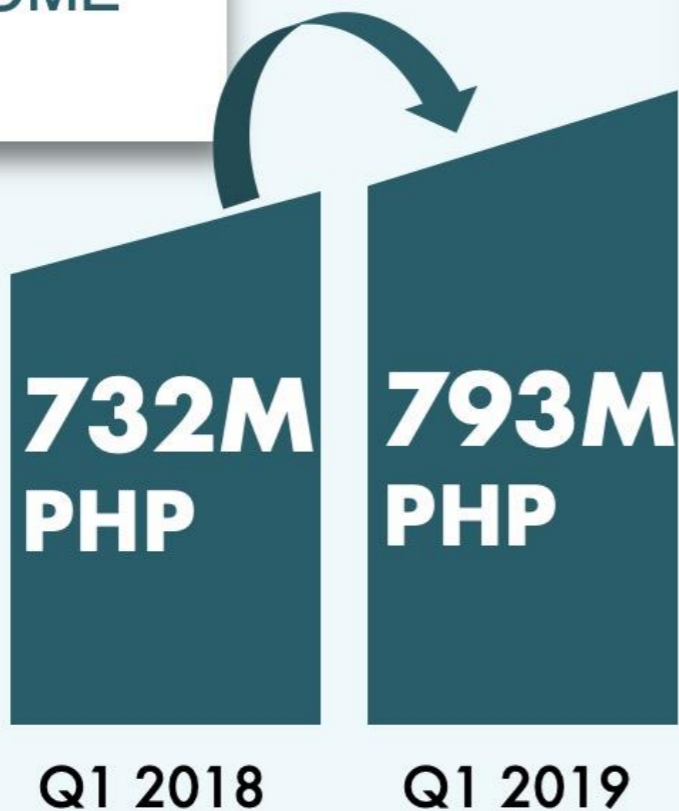


# Pick-up in earnings growth by YEAR-END

**8%**

INCREASE IN  
NET INCOME

Targeting  
Double-Digit  
Growth



# 2019: A Year of Innovation

# Argentina Corned Chicken



# Birch Tree Choco

**Birch Tree**<sup>®</sup>  
FORTIFIED  
**Choco**



Rich and creamy chocolate milk drink with **balanced milk and chocolate taste**

The **right sweetness** the family can enjoy!



*Project*  
**INSPIRE**

# Creating a Sustainability Framework for our Business

## PROTEIN

Delivery



## PLANET

Preservation



## PEOPLE

Development



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Preservation



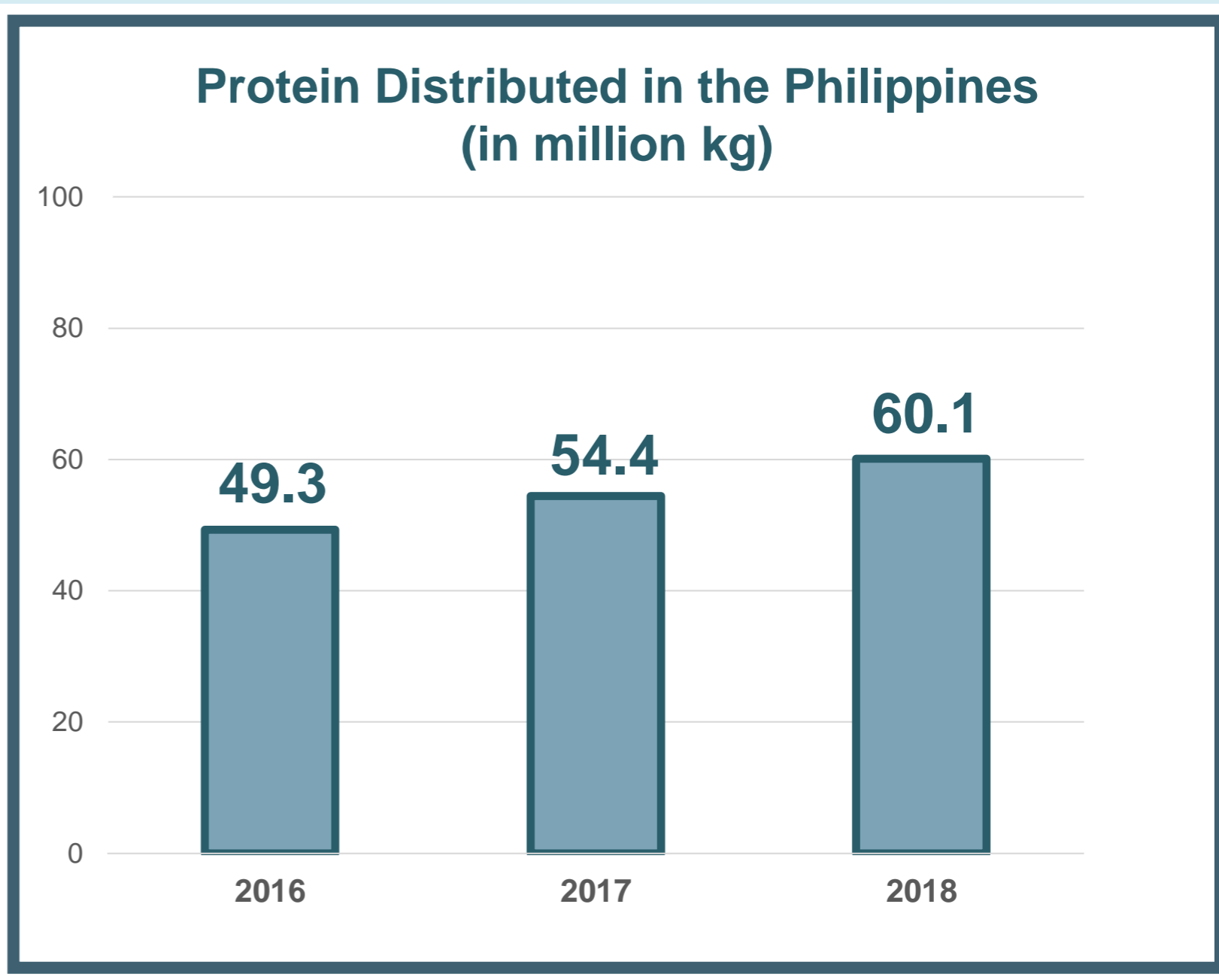
## PEOPLE

Development



# Providing Affordable Protein

**+10% versus  
last year**



These top SKUs provide close to 1/3 of an Individual's Daily Protein Requirement



Century Tuna Flakes in Oil 155g

PHP 29 or PHP 1.5 per g of protein



Argentina Corned Beef 150g

PHP 30 or PHP 1.9 per g of protein

Birch Tree Fortified 33g

PHP 7 or PHP 0.03 per mg of calcium



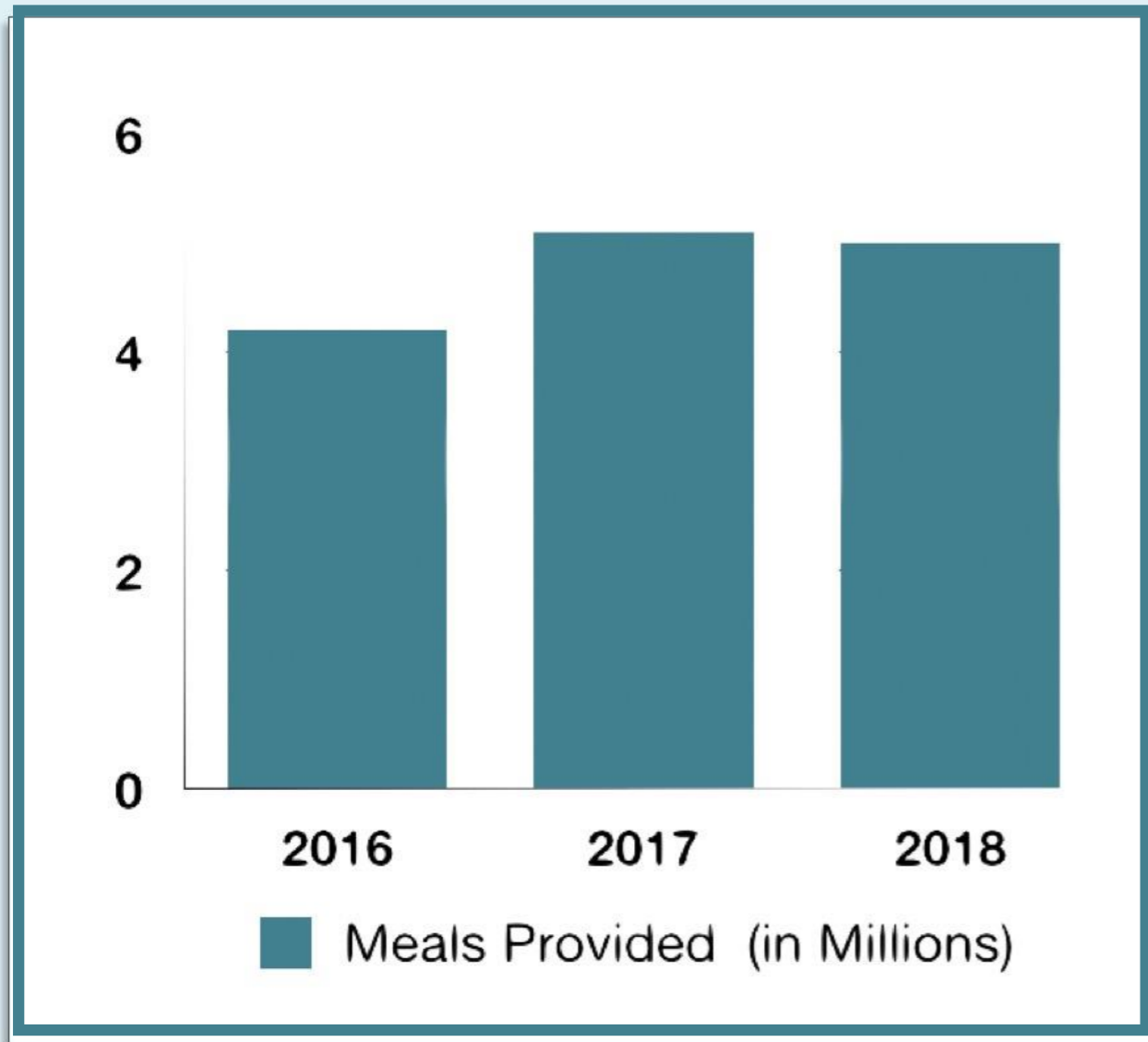
c. 50% of the Daily Calcium Requirement for children 4 to 6 years old

\*major supermarket retail price

\*Daily Requirements based on RENI for individual adult and RENI for children 4 to 6 years old.



# Kain Po Program



Since start of  
program in 2010

**25M + FREE**  
meals provided



# Creating a Sustainability Framework for our Business

## PROTEIN

Delivery

3 GOOD HEALTH AND WELL-BEING



## PLANET

Preservation

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



## PEOPLE

Development

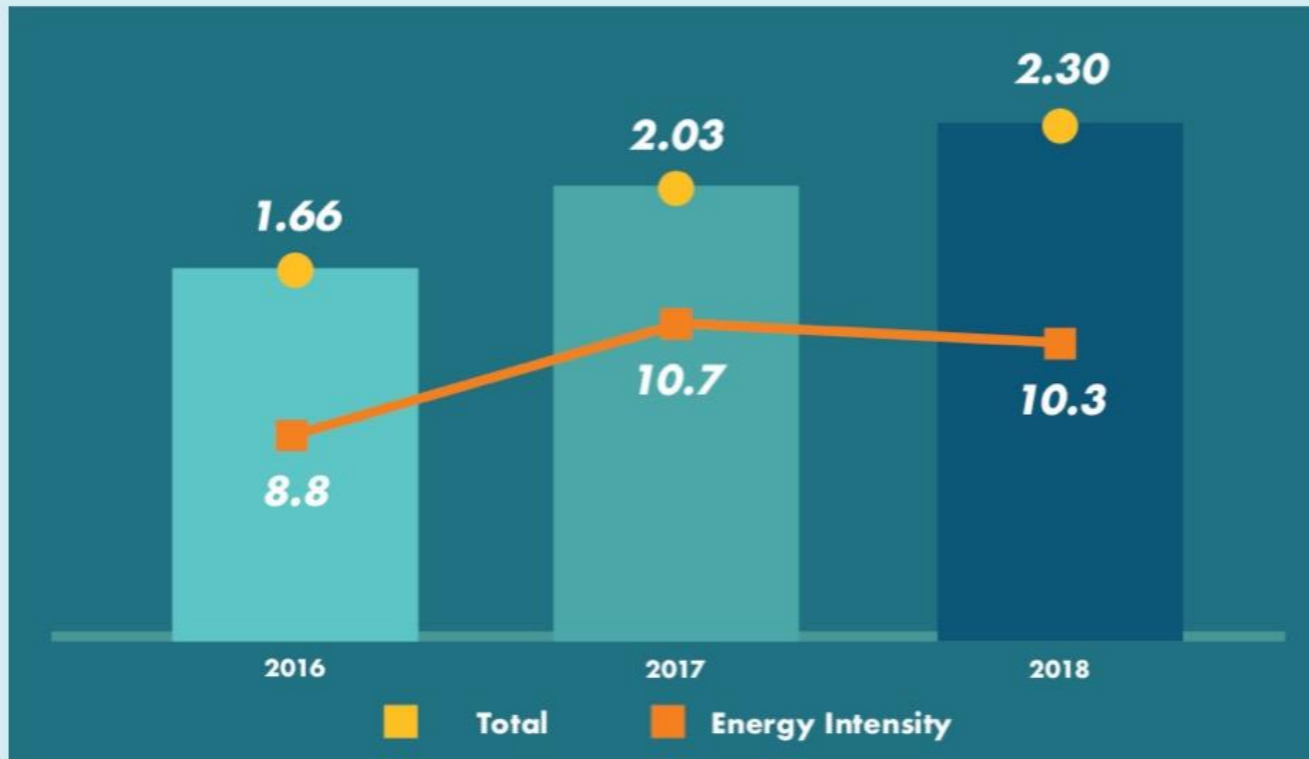
8 DECENT WORK AND ECONOMIC GROWTH



# CNPF to be “Plastic Neutral” by 2020

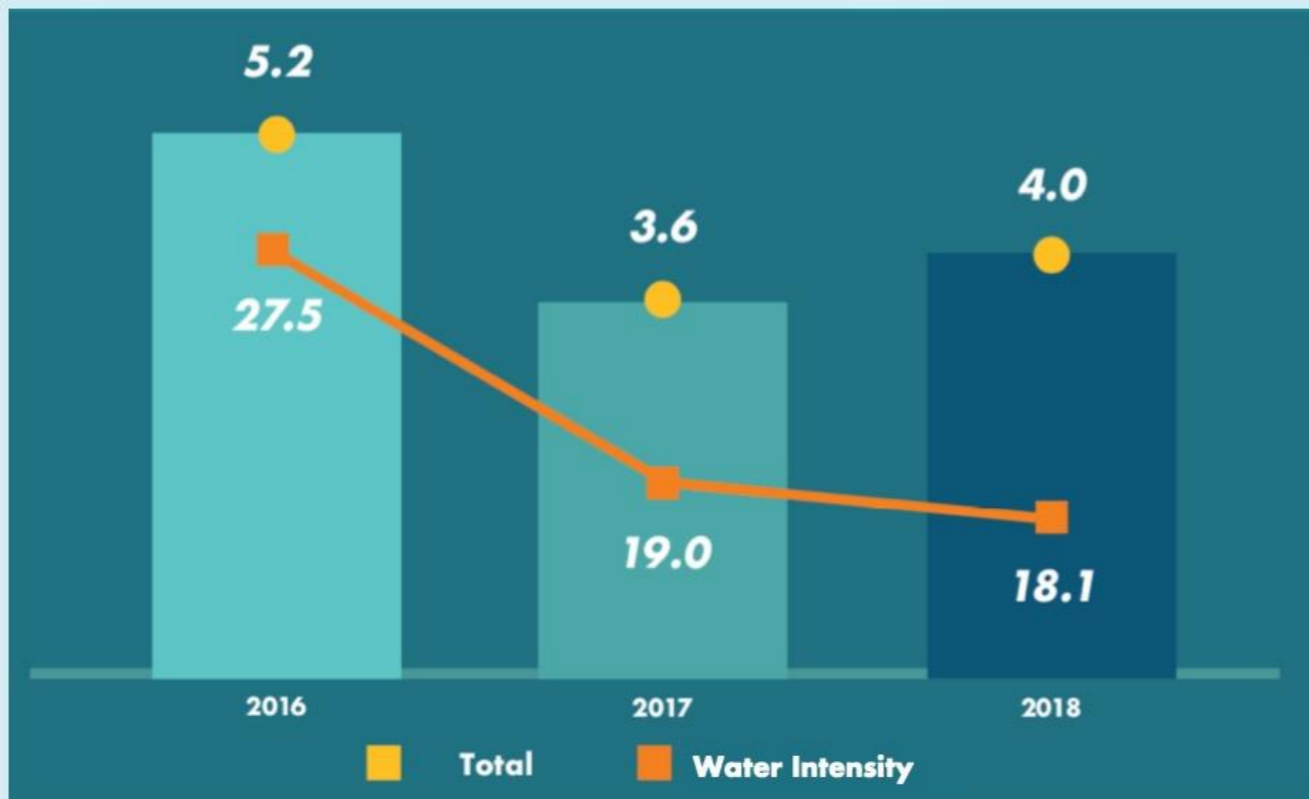


## Energy Consumption & Energy Intensity




\* Energy Consumption in million gigajoules and Energy Intensity in GJ per ton product;

## Water Consumption & Water Intensity



\* Water Consumption in million cubic meters and Water Intensity in cubic meters per ton product



Helping save  
the planet  
also saves  
us cost




1   
REMO SUPPORT

2   
TRACEABILITY  
& DATA COLLECTION

3   
BYCATCH  
MITIGATION

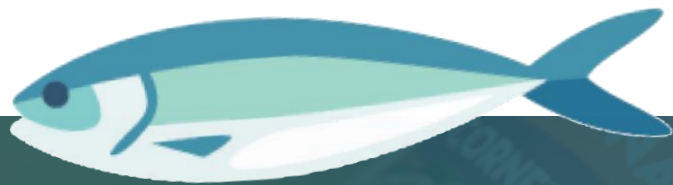
4   
MONITORING, CONTROL  
AND SURVEILLANCE

5   
ILLEGAL, UNREPORTED  
AND UNREGULATED  
FISHING

6   
CAPACITY

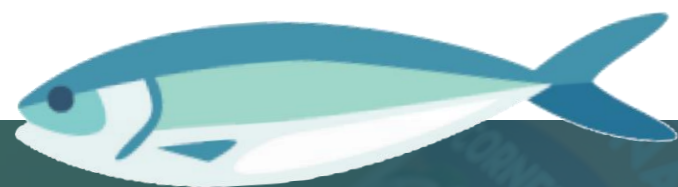
7   
PROACTIVE VESSEL  
REGISTER

8   
MISCELLANEOUS



Our ongoing membership in the International Seafood Sustainability Foundation (ISSF) requires strict annual compliance to all ISSF conservation measures.

“By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest feasible time, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics.”



THE  
**OCEAN**  
CONFERENCE

# Tuna Traceability Declaration 2020

# Developing sustainable coconut supply



CNPF, in partnership with *Friends of Hope & Vita Coco*, is developing a *20 hectare* seedling farm.

**PHP5.00** from every purchase of Vita Coco products goes directly to supporting Filipino coconut farmers. Through this, everyone is able to lend a helping hand in giving, growing, and guiding the coconut farming communities.

Once fully operational, will distribute **130,000 high quality seedlings a year**. Over the next 25 years, these are expected to replace **90% of the senile trees** in the vicinity of our plant in Tambler, General Santos.

# Creating a Sustainability Framework for our Business

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3 GOOD HEALTH AND WELL-BEING



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# 12,290

From 11,495 in 2016 – a 7% increase

# JOB SUPPORTED

**44%** of  
workforce under  
30 years old

**40%** of  
workforce female

Young and Diverse Workforce



SMETA is the worlds most commonly used ethical audit format

## The 4 pillars of a SMETA



Labour Standards

Health & Safety

Business Ethics

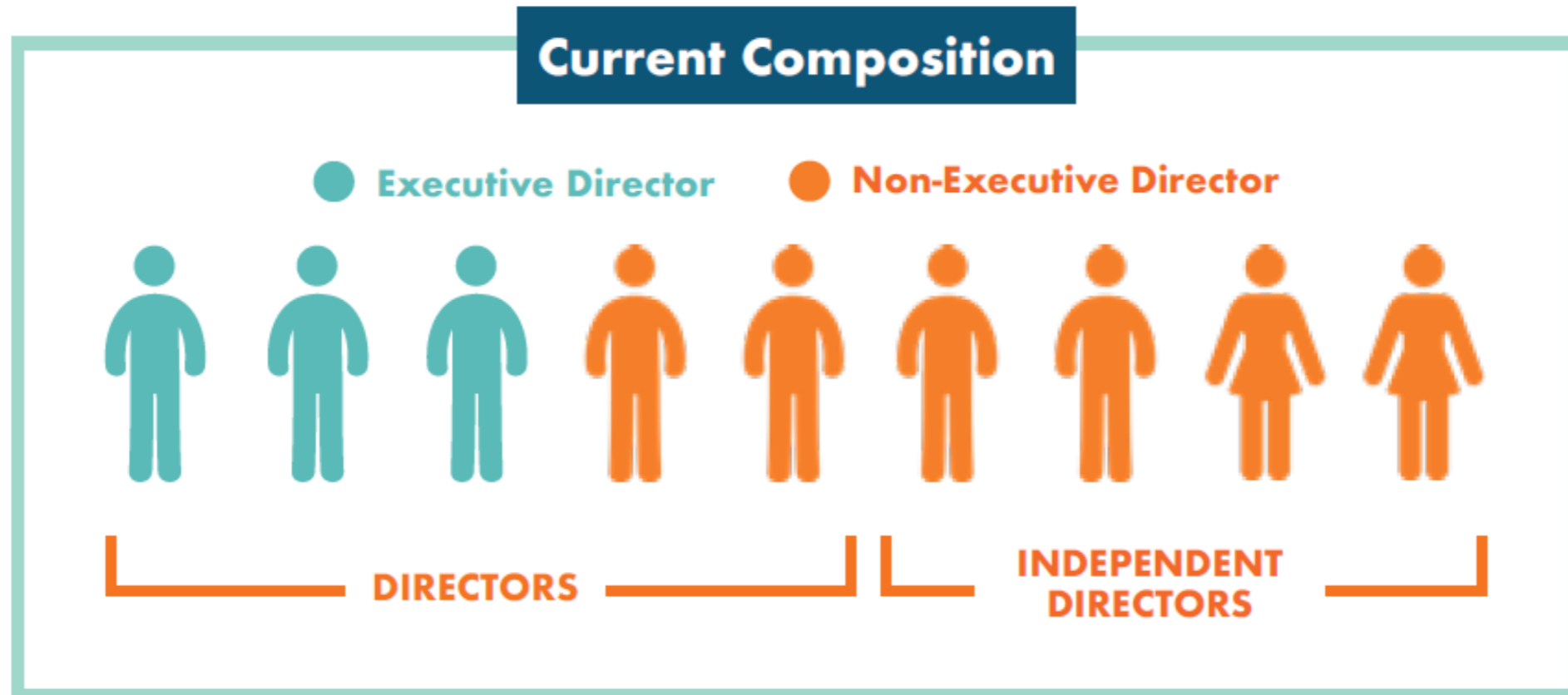
The Environment



**SMETA**<sup>®</sup>

Our operations underwent the Sedex Members Ethical Trade Audit (SMETA) global standards for responsible and ethical sourcing, health, safety and welfare of workers, as well as environment management.

# CLOSE TO HALF of Board of Directors are independent



**9 BOARD MEMBERS**

**22% OF BOARD FEMALE**

**44%**

**INDEPENDENT**

# Internationally recognized for Good Governance



**2019**

**Asia's Best CEO  
(Investor Relations)**

by Corporate  
Governance Asia



**2019**

**Philippines' Best  
Investor Relations  
Company and  
Professional**  
by Corporate  
Governance Asia

**IR**

**Best in Sector  
Staples Finalist**

by IR Magazine  
Awards South  
East Asia

**2018**



**2018**

**Family Business  
Award Country  
Winner & ASEAN  
Winner**

by ASEAN Business  
Awards



**2018**

**Outstanding  
Achievement in  
Export Marketing**

by Agora Awards



**Thank you to the men and women who  
through the decades, built our Company**





“  
*Let us remember to look to the  
past so we may not forget  
where we came from, and also,  
so we may properly build on  
what we have already achieved*”





**THANK YOU**