

CENTURY PACIFIC FOOD, INC.

(PSE: CNPF)

CORPORATE PRESENTATION

MAY 2017



Company Overview

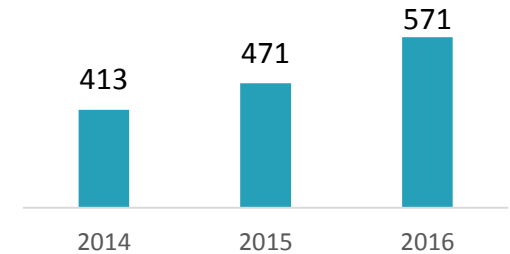


Snapshot

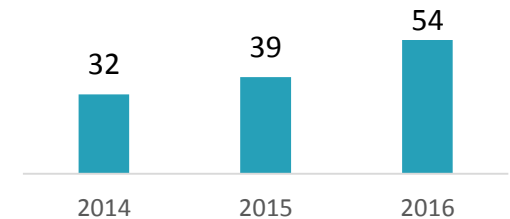
- **Century Pacific Food, Inc** is the largest canned food company in the Philippines
- Over its 40 year operating history, it has built a portfolio of leading and well recognized brands in three core segments - marine (37% of sales), meat (27% of sales) and milk (11% of sales). It is also the Philippines' leading exporter of OEM tuna (15% of sales) and OEM coconut products (10% of sales).
- The Company listed on the Philippine Stock Exchange in 2014, under the trading symbol CNPF. It currently has a market capitalization of about USD1.2 billion.
- **Production facilities:** 6 manufacturing facilities across the Philippines, strategically located adjacent to supply sources (Tuna and Coconut in General Santos City, Meat in Laguna City, Dairy in Taguig City, Sardines in Cavite and Zamboanga City)
- **Key Management:** Christopher T. Po, President and CEO – 14 years at CNPF (8 years as CEO), 11 years of prior multi-industry experience; Teodoro T. Po, EVP and COO – 25 years experience of running various business units in CNPF; Oscar A. Pobre, CFO – 20 years in CNPF's corporate finance, treasury, accounting and controllership

Full-Year Financials

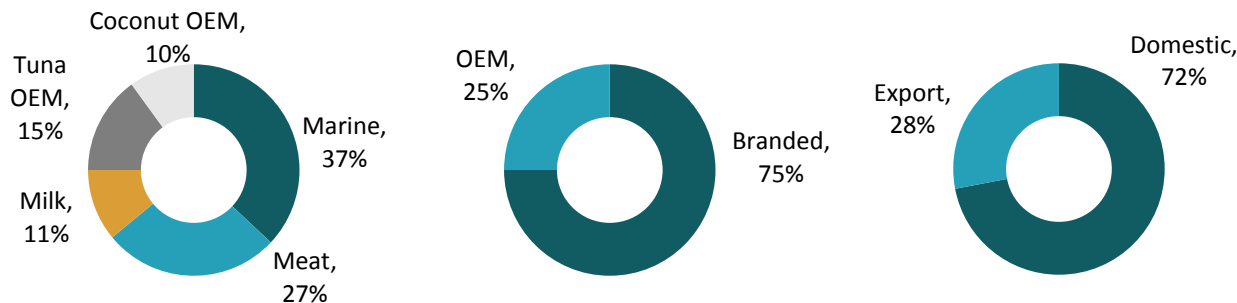
Revenues (in USD Mill)



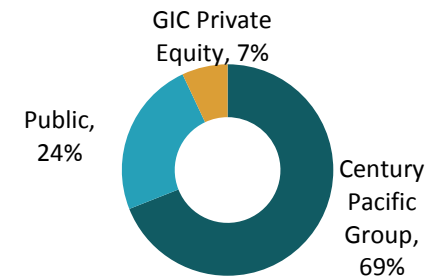
Net Income (in USD Mill)



2016 Revenue Breakdown



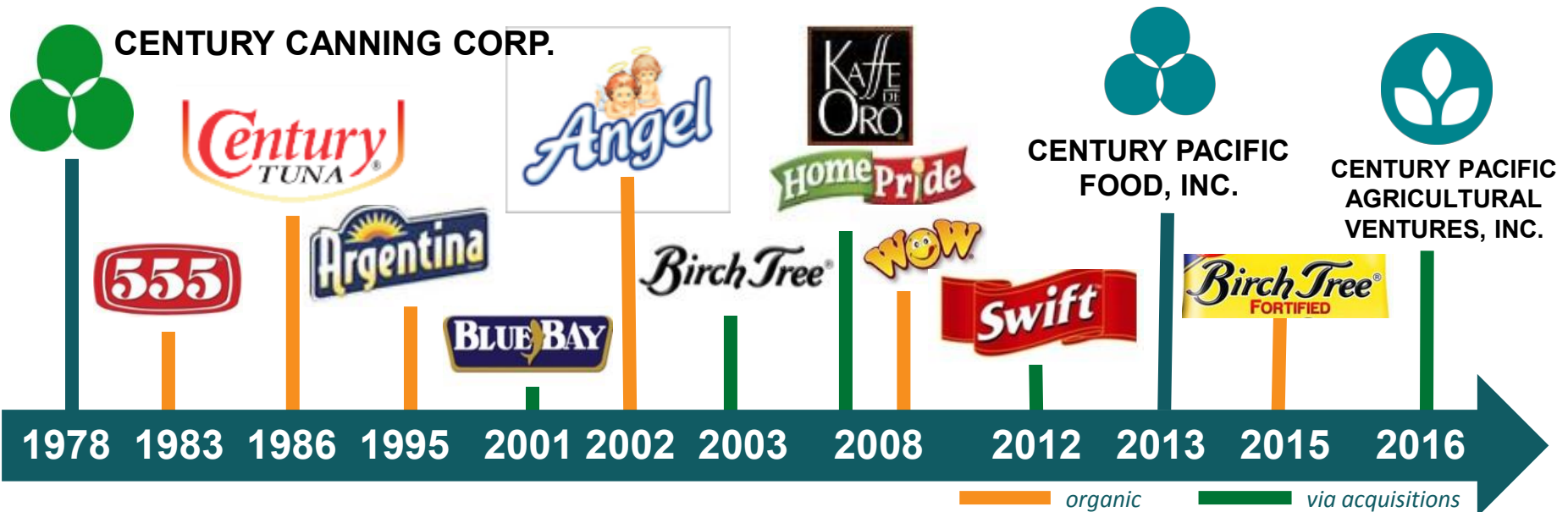
Ownership Structure



Company Overview



Proven track record in brand-building



2011

Century Canning Marketing Company of the Year

2011 to 2013

Century Tuna and Argentina
Reader's Digest Trusted Brand

2014

Gregory Banzon Awardee for Marketing Excellence

2016

Asia Marketing Federation
CNPF Asia's Marketing Company of the Year

2016

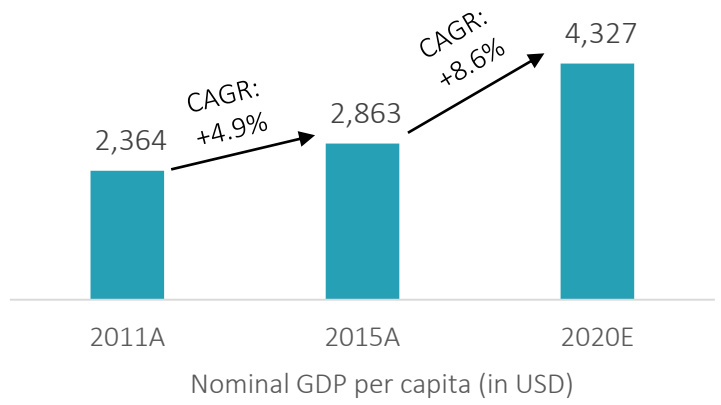
CNPF Philippines' Best Managed Company – Small Cap

1

Well-positioned to take advantage of rising consumer demand



Rising nominal GDP per capita...



Source: IMF

...to support an emerging middle class

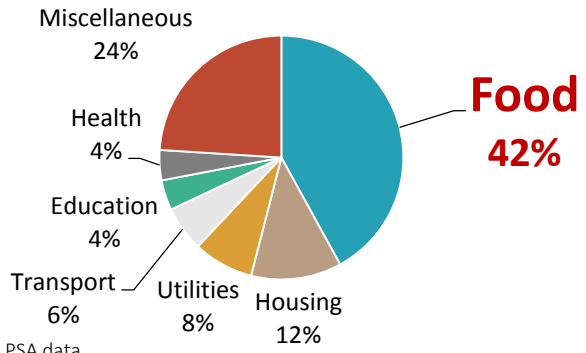
Distribution of Families and Income

SE CLASS	% share of Families	% share of Income	Annual income in Php
AB	1	9	1,857,000
C	9	26	603,000
D	60	56	191,000
E	30	9	62,000
Total	100	100	206,000

Source: BPI Securities, Social Weather System Survey 2016

Food accounting for bulk of family expenditure

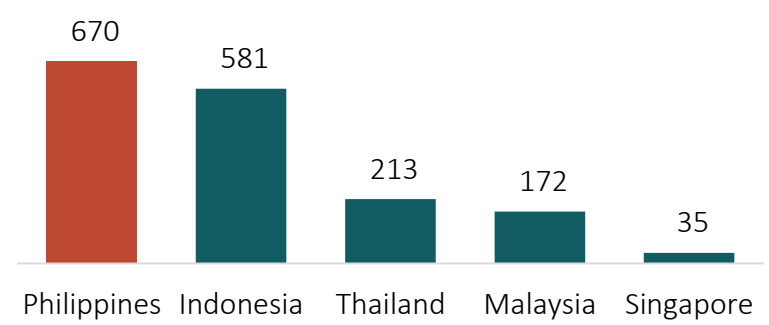
Breakdown of Family Expenditures



Source: 2015 PSA data

PH shelf-stable market the largest in ASEAN

Shelf-stable food total consumption (US\$m)

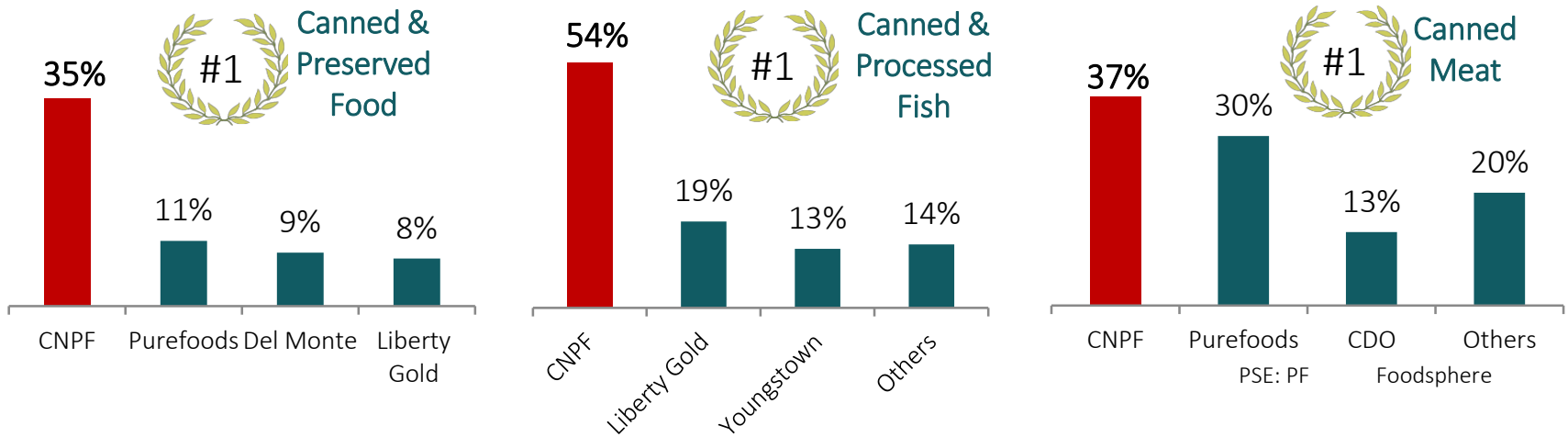


Source: 2016 Euromonitor data

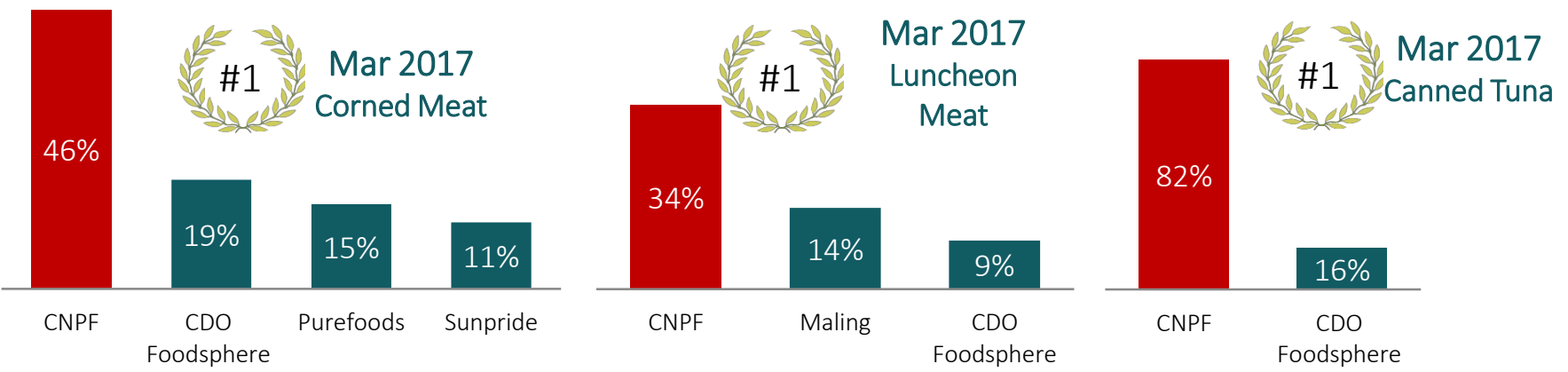
2 Dominant market leadership in ambient food in the Philippines



Largest and Leading Canned Producer



Dominant Positions in Key Sub-Segments



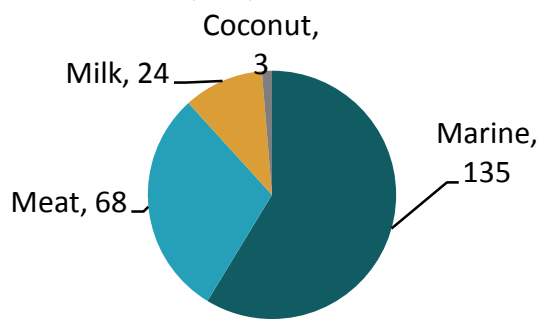
Multiple brands and products catering to all consumers



Diverse product portfolio catering to a broad customer base and different customer tastes and needs

Positioning	Value for Money	Mass Market	Affordable Premium
Canned and Processed Fish	Lucky 7, FRESCA TUNA	555, BLUE BAY	Century TUNA, Century QUALITY
Canned and Processed Meat	Lucky 7, WOW	555, Shanghai, Argentina	Swift
Canned and Drinking Milk; Mixes	Home Pride, KAFFE OF ORO	Angel, Birch Tree FORTIFIED	Birch Tree Full Cream Milk Powder

Current Company Portfolio – 230 SKUs



Significant benefits of a multi-brand, multi-product portfolio

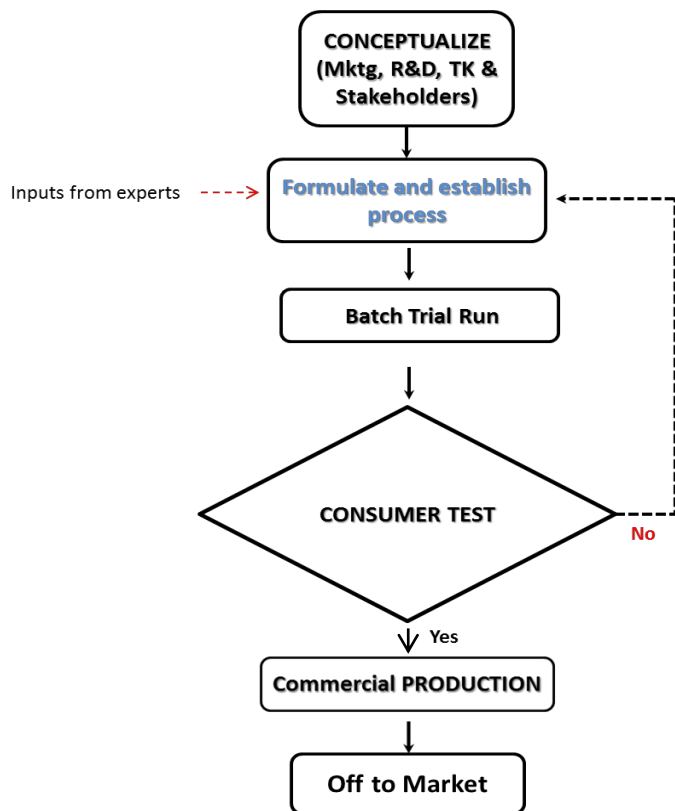
- Catering to a broad customer base through multiple brands and capturing larger share of the consumers' wallet / stomach through multiple segments / products
- Increased bargaining power with suppliers and distributors
- Diversification of risk and facilitate brand consolidation play

A strong focus on marketing and R&D driven innovation



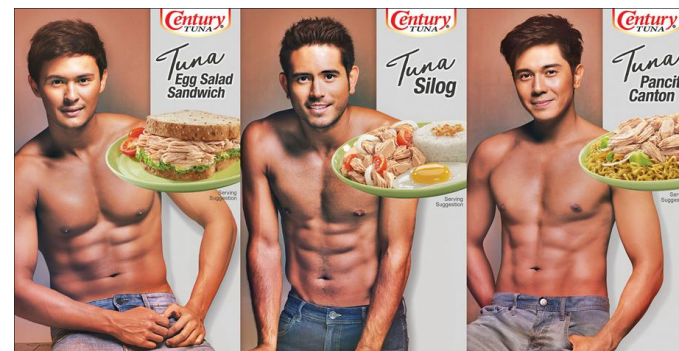
R&D Process Flow

An integral part of launching new products and improving profitability



Innovative Marketing Campaigns

Enhancing brand recognition through active and targeted marketing and promotional campaigns



Capitalizing on healthier lifestyles



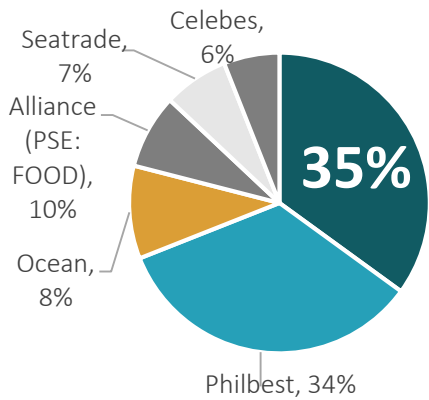
Intuitive and appealing ad-campaigns employing celebrity endorsers to create must have and aspirational brands

5 Trusted partner for customers around the world



Works closely with long standing international partners to produce private label and branded products for sale in international markets

Tuna OEM Market Share



CENTURY PACIFIC FOOD, INC.

Source: 2016 Bureau Of Customs data

Key Customers

largest single-brand restaurant chain	UK's leading importer of canned food	Japan's leading manufacturers of food products

Branded Products sold Exclusively for Export



Availability of Branded Products



6 Experienced and dedicated management team



Highly experienced professionals in their respective areas of expertise

Executive Committee Profile

President & CEO EVP & COO **8 Vice Presidents**

Average Tenure – 11 years

Average Work Experience – 20 years



Cumulative Professional Experience – 280 years

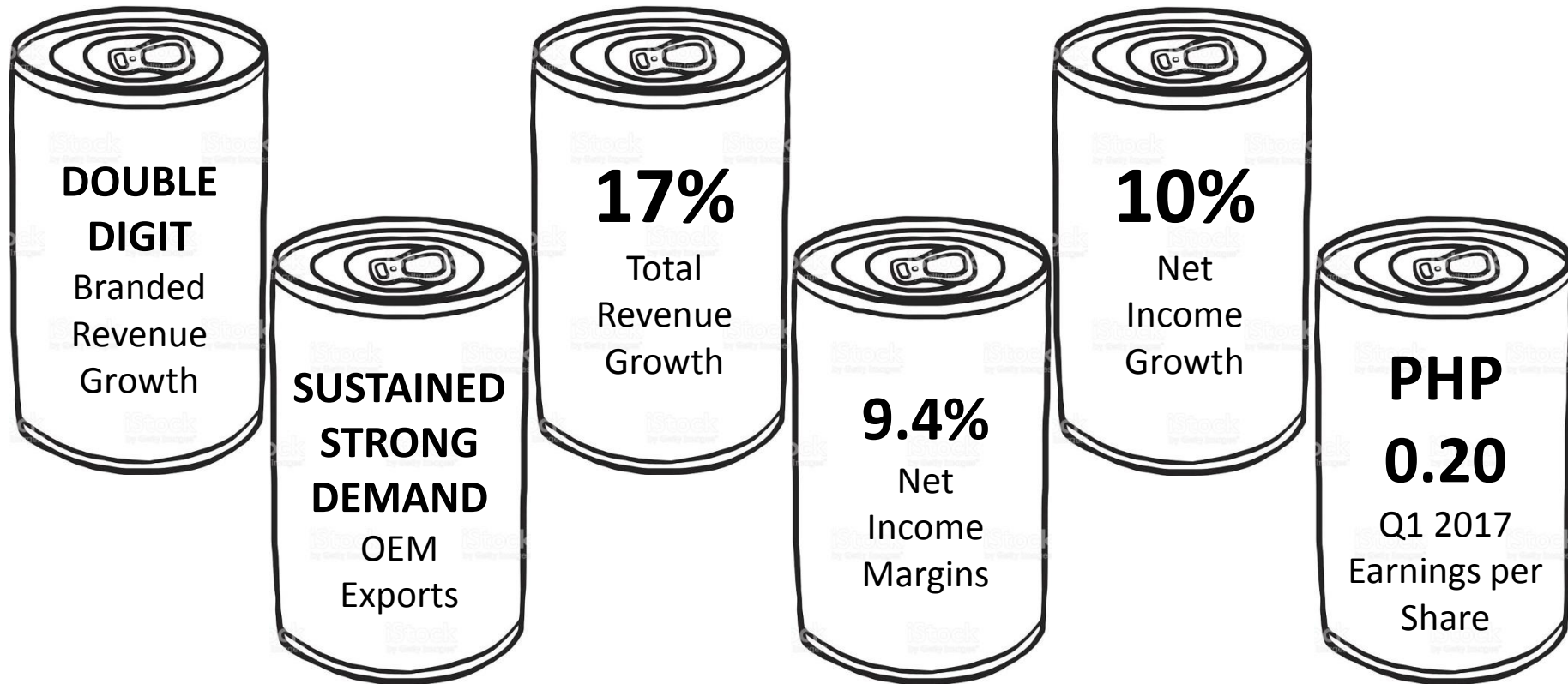
<p>Christopher Po President and CEO</p>	<ul style="list-style-type: none"> Previously served as Management Consultant at McKinsey, Managing Director at Guggenheim Partners, and Corporate Planning Head at JG Summit Summa Cum Laude from Wharton; MBA from Harvard Business School
<p>Teodoro Po EVP and COO</p>	<ul style="list-style-type: none"> 23 years experience of running various business units of Century Group; Designed, built and managed several factories of the group Summa Cum Laude from Boston University; Owner/President Management Program from Harvard Business School
<p>Oscar Pobre VP and CFO</p>	<ul style="list-style-type: none"> 19 years managing the corporate finance, treasury, accounting and controllership at Century Group of Companies 17 years in finance functions at RFM, Cosmos, Dole, and Meralco
<p>Gregory Banzon VP - GM Canned Fish, Tuna</p>	<ul style="list-style-type: none"> 22 years of experience in various general management, marketing and sales roles including VP-Marketing of Johnson & Johnson ASEAN, Country General Manager of Johnson & Johnson Indonesia, and General Manager at RFM
<p>Cezar Cruz, Jr. VP - GM Canned Fish, Sardine</p>	<ul style="list-style-type: none"> 29 years of experience in various technical, operations and business development roles at San Miguel and RFM President of the Sardine Association of the Philippines
<p>Rex Agarrado VP – GM Canned Meat</p>	<ul style="list-style-type: none"> 18 years of experience in various technical and manufacturing roles at San Miguel, RFM, Quaker and California Manufacturing Corporation Director of the Philippine Association of Meat Processors, Inc.
<p>Edwin Africa VP – GM Dairy and Mixes</p>	<ul style="list-style-type: none"> 22 years of experience in general and brand management roles in the Philippines, Taiwan, Thailand, Singapore, Malaysia and China Procter & Gamble from 1991 to 2001, Nippon Paint from 2001 to 2004, and Pepsico from 2005-2012
<p>Teddy Kho VP – GM Tuna Export</p>	<ul style="list-style-type: none"> 21 years of experience in various management, operations and technical roles including President and General Manager of San Miguel Foods Vietnam and Plant Manager of San Miguel Hoecheong
<p>Noel Tempongko VP – GM CPAVI</p>	<ul style="list-style-type: none"> 27 years of experience in various general management roles in fast-moving consumer goods companies, including San Miguel Yamamura Packaging Corp and The Purefoods-Hormel Company Inc
<p>Ron Agoncillo VP - Sales</p>	<ul style="list-style-type: none"> 8 years of experience in sales management roles at National Sales and Cadbury, Unilever Indonesia & Philippines, 3M, and Shell



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

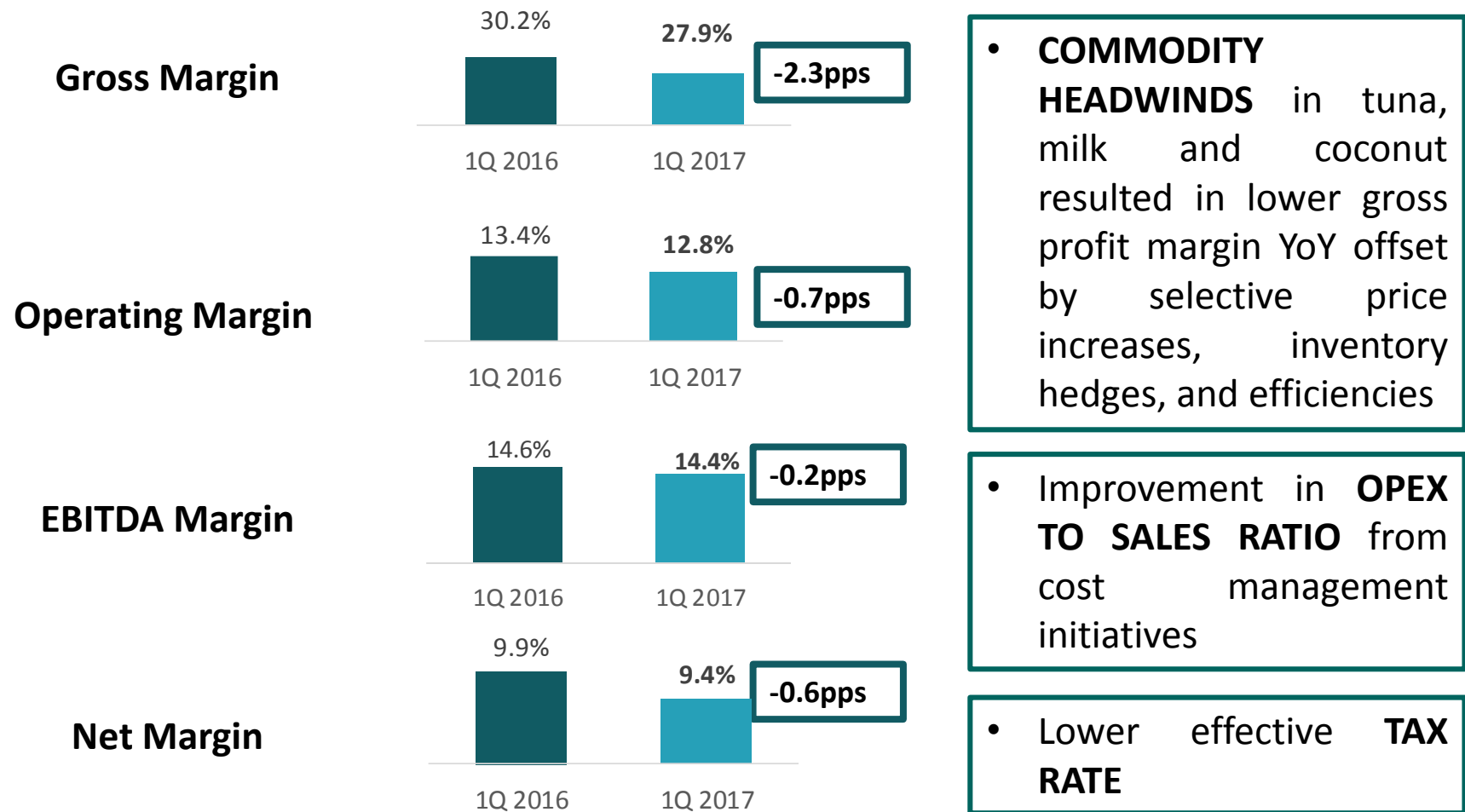
- 10% **BRANDED REVENUE** growth
- 41% growth in **OEM EXPORT** sales

- 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

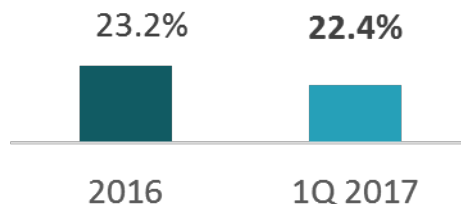
- Increasing costs translated to higher **TRADE PAYABLES** and accruals
- Q1 2017 **NET INCOME** of PHP701 million

Key Balance Sheet Metrics



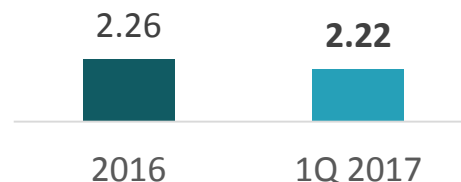
Return on Equity (%)

using trailing 12 months' earnings and average equity



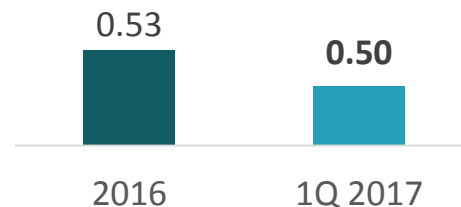
- Maintained above 20% type **ROEs**

Current Ratio (x)



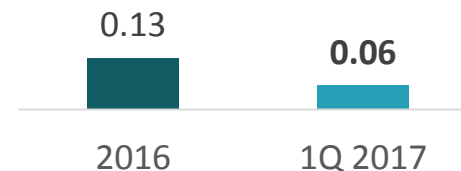
- Slight decline in **CURRENT RATIO** due to higher payables

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

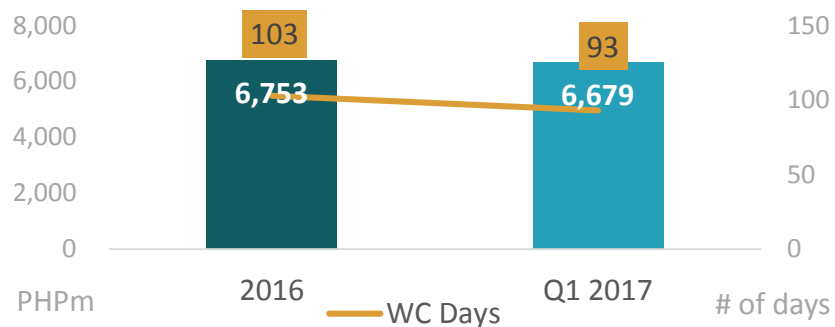
- Additional capital from **EMPLOYEE STOCK PURCHASE PLAN**

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

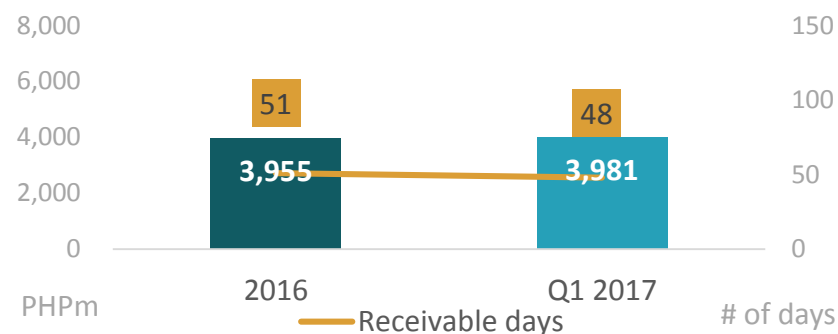
Working Capital



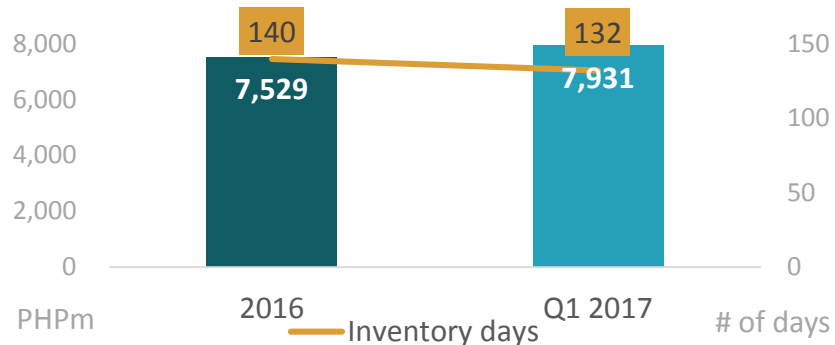
Working Capital



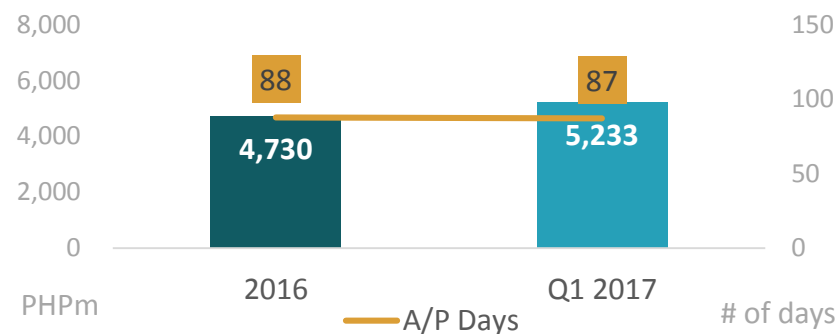
Receivables



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

Hunt's Acquisition



- **May 2017: Acquired the license to the Hunt's brand for the Philippines from Hunt-Universal Robina Corp**
- Acquisition also included related PPE and current inventory
- Dominant leader in pork & beans with 86% market share according to Nielsen
- Also present in tomato sauce, tomato-based spaghetti sauce, and marinade sauce
- Potential synergies in supply chain, distribution, manufacturing and marketing
- Transition period to commence in May until July. To be consolidated to CNPF effective August 1, 2017
- Acquisition to be funded via mix of existing cash, operating cash flows and leverage
- Significant effect not expected this year

Pork and Beans



Tomato Sauce and Spaghetti Sauce





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
Russell**

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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Any reference herein to "the Company" shall mean, collectively, Century Pacific Food, Inc. and its subsidiaries.



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