

CNPF Earnings Gain Momentum in the Third Quarter, Branded Business Sustains Resilient Performance

- *Year-to-date consolidated revenues were up by 7% year-on-year, driven by the Branded Business which grew by 12%.*
- *Branded sales sustained growth momentum in 3Q23 with an increase of 14% compared to the same period last year, leading CNPF topline to grow by 7% for the period.*
- *Gross margins continued to demonstrate a sequential improvement in 3Q23, landing at 24.6% and expanding by 130 basis points compared the same period last year. For the 9-month period, gross margins softened by 30 basis points.*
- *3Q23 net income after tax accelerated with a year-on-year growth rate of 13%, pulling up 9M23 earnings growth to 10%.*

Century Pacific Food, Inc. (PSE:CNPF), one of the leading food and beverage companies in the Philippines, delivered consistent growth performance in the third quarter of 2023. Profits began to gain momentum during the three-month period, up by 13% year-on-year on the back of favorable commodities and a sustained topline.

Consolidated revenues for the first nine months of the year amounted to Php 50.5 billion, registering a growth of 7% compared to the same period last year. This was primarily driven by the Branded sales, which saw a 12% year-on-year growth rate as domestic demand for consumer staples and value for money goods remained resilient. Third quarter sales were up by 7% versus the comparable period in 2022, buoyed by Branded segment's 14% growth for the period.

CNPF's Branded business is composed of the Marine, Meat, Milk, and other emerging segments. Comprising the majority of the Company's topline, it is the strategic growth driver of CNPF catering predominantly to the domestic market. For the nine-month period in particular, Milk and other emerging segments outperformed, while core segments sustained their growth performance.

Meanwhile, the Company's OEM Tuna and Coconut Exports segment was challenged for the first nine months, declining by 10% year-to-date. 3Q23 revenues were likewise down by 15% versus the same period last year. Apart from a high base in 2022, the OEM business was beset by softer markets in light of global inflation. Nonetheless, on a quarterly basis, sales were largely sustained.

Chad Manapat, Chief Financial Officer of CNPF, said, "Amidst headwinds, we saw domestic consumer demand for our brands and products remain resilient, underscoring the relevance of affordability and accessibility. We focused our programs towards value-for-money offerings and innovations.

"We also continued to benefit from a diversified, all-weather portfolio, which allowed us to deliver a consistent growth performance for both the topline and the bottomline despite a complex operating environment," he continued.

In terms of profitability, CNPF began to see margin improvements in the third quarter. 3Q23 gross margin climbed by 130 basis points versus the same period last year to 24.6%, softening the contraction year-to-date gross margins, which landed at 24.2%, to 30 basis points compared to 9M22. This can be attributed to favorable movements in most of the Company's major raw materials as well as cost optimization measures. Operating expenses as a percentage of sales was at 13% for the nine-month period, 110 basis

points less than last year. According to Manapat, this was driven by cost management, with OPEX spending deliberately skewed towards the second half of the year to support key innovations and demand generating activities.

With a better gross margin performance and through cost management, CNPF's net income after tax (NIAT) accelerated in the third quarter of 2023 with a growth of 13% year-on-year. On a year-to-date basis, 9M23 bottomline clocked in at Php 4.6 billion and grew by 10% year-on-year, with net margin for the nine-month period seeing a 20-basis point improvement to 9.2%.

CNPF's healthy operational performance led to strong cashflow generation. Operating cashflows amounted to Php5.1 billion, which in turn was utilized for increased dividends to its shareholders, expansion programs and innovations, and investments in renewable energy. The Company is expanding from 5.2MW to 8.6MW the capacity of its General Santos solar plant, which supplies clean power to its largest manufacturing hub in the Philippines. It is also commissioning a biomass boiler for its coconut production facility in Mindanao.

In the third quarter, CNPF was also recognized for corporate governance, receiving three Golden Arrows from the Institute of Corporate Directors (ICD) at the ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards.

Manapat said, "2023 is drawing to a close. We are thankful for the Company's resilience, our consumers' continued patronage, and stakeholders' unwavering support. As we move towards 2024, our focus remains in delivering consistent, long-term, and sustainable growth, and we will continue to invest in and manage the business accordingly."

Disclaimer: This press release includes forward-looking statements. Such forward-looking statements are management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The reader is cautioned not to rely on such forward-looking statements, which speak only as of the date they were made. All subsequent forward-looking statements attributable to the Company, its affiliates or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements referred to in this press release.

About CNPF

Century Pacific Food, Inc. (PSE: CNPF) is one of the Philippines' largest branded food and beverage companies. It is primarily engaged in the manufacturing, marketing, and distribution of processed marine, meat, milk, coconut, plant-based, and pet products. With an established track record in brand-building spanning more than 40 years, it has developed a roster of household names which include Century Tuna, Argentina, 555, Angel, and Birch Tree. These brands of the Company hold market leading positions locally and are growing their presence abroad. Further, the Company also operates as one of the Philippines' leading providers of private label tuna and coconut products for export overseas.



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