

# FY2014 First Quarter Results

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# Disclaimer

**This presentation contains certain forward looking statements with respect to the financial condition, results of operations and business of Universal Robina Corporation (URC) and plans and objectives of the management of URC. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of URC to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward looking statements were based on numerous assumptions regarding URC's present and future business strategies and the political and economic environment in which URC will operate in the future.**

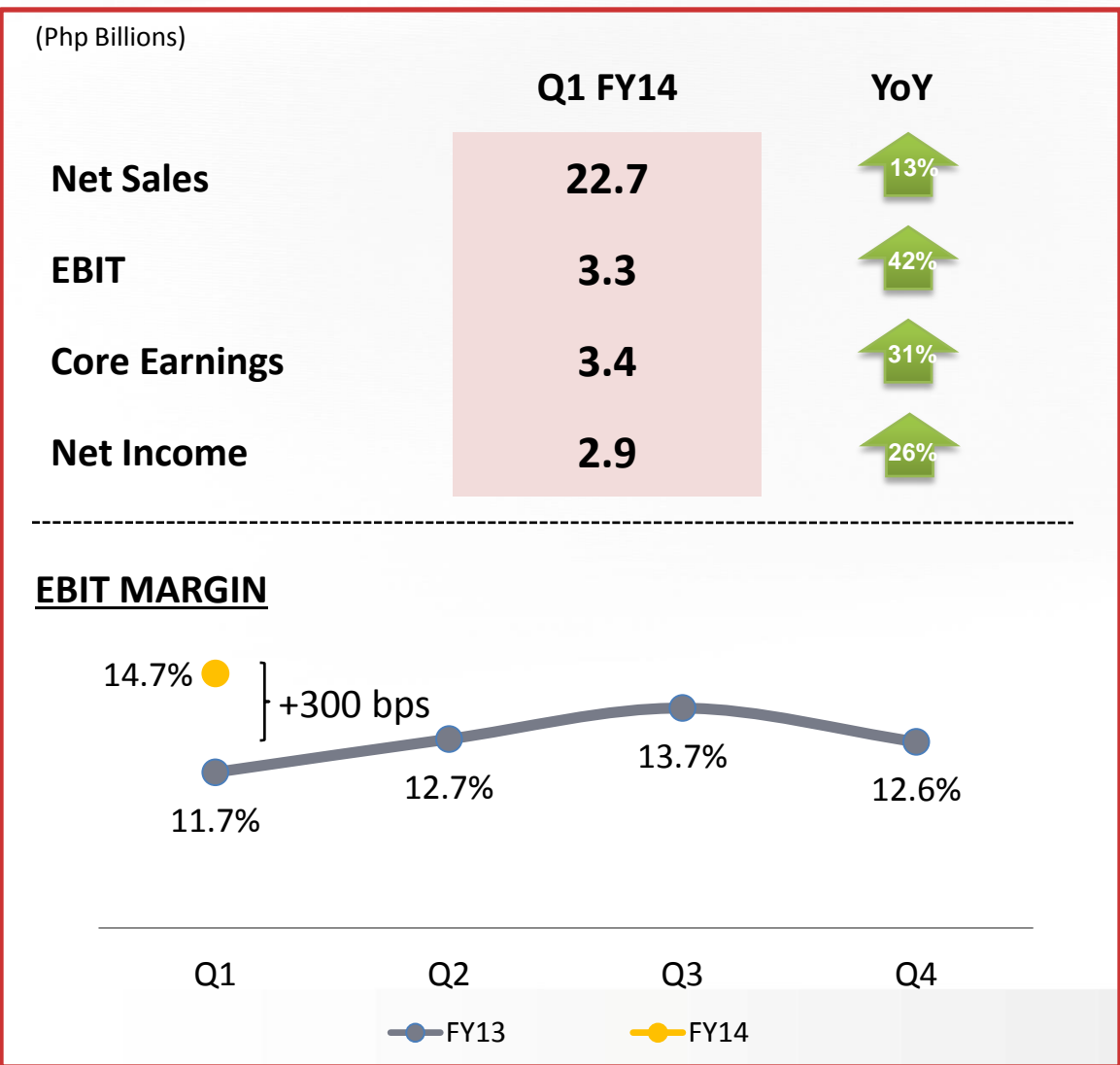
# AGENDA



## Q1 FY14 FINANCIAL PERFORMANCE PLANS AND EXPECTATIONS

# URC: Sustained strong performance

## FINANCIAL HIGHLIGHTS



- Sustained strong sales driven by Branded Foods Philippines
- EBIT margin expanded by 300 bps as the business continue to benefit from lower soft commodity prices
- Core earnings and net income growing albeit at a slower pace compared to EBIT due to lower net finance revenue and market valuation gain

# Q1 FY14 Divisional Results



**UNIVERSAL ROBINA CORPORATION**

**Sales: Php 22.7B** ↑ 13%  
**EBIT\*: Php 3.3B** ↑ 42%

**Branded Consumer Foods (BCF)**  
**Sales: Php 18.8B** ↑ 20%  
**EBIT: Php 2.6B** ↑ 52%

**Non-Branded Consumer Foods (Non-BCF Agro-Commodities)\*\***  
**Sales: Php 3.9B** ↓ 13%  
**EBIT: Php 1.0B** ↑ 5%

**PHILIPPINES\*\*\***

**Sales: Php 12.9B** ↑ 26%  
**EBIT: Php 1.9B** ↑ 67%

**INTERNATIONAL**

**Sales: Php 5.9B** ↑ 9%  
**EBIT: Php 0.6B** ↑ 20%

**COMMODITY FOODS GROUP**

**Sales: Php 1.8B** ↓ 25%  
**EBIT: Php 0.8B** ↑ 3%

**AGRO-INDUSTRIAL GROUP**

**Sales: Php 2.0B** ↑ 3%  
**EBIT: Php 0.2B** ↑ 14%

\*net of Corporate Expenses of Php 237M  
 \*\*Philippines only  
 \*\*\*includes Packaging

# BCF: Growth and profit driver

- Total Branded Consumer Foods registered sales of Php 18.8B, up 20% vs. SPLY driven by Philippines, Thailand and China/HK
- Lower input prices and additional scale increased profitability
- Reorganized the group to be headed by one Managing Director
- Started initiatives on regional alignment in operations, procurement, supply chain

## Strategic product launches in Philippines and International

### Philippines







### International



# BCF Philippines: Growth momentum continues



(Php Billions)

	Q1 FY14	QoQ	YoY
Net Sales	12.7	 12%	 28%
EBIT	2.0	 28%	 65%
EBIT Margin	15.5%	+190 bps	+347 bps

- Managed to achieve balanced growth in Snackfoods and Beverages with both segments growing double digits

- Faster EBIT growth as margins continue to expand due to additional scale and low input prices





## Sales Growth

		QoQ	YoY
Snackfoods	 <i>Life's Fun!</i>	+16%	+20%
Beverage		+12%	+44%
Others		+2%	+12%






\*excludes Packaging

# BCF Int'l: Slower than expected growth

(Php Billions)

	Q1 FY14	QoQ	YoY
Net Sales	5.9	 3%	 9%
EBIT	0.6	 23%	 20%
EBIT Margin	10.5%	+169 bps	+94 bps

- First quarter sales growth slightly tempered by weaker demand
- Margin improvement due to low input prices and lower A&P spending

TH 	Biscuits and Wafers sales continue to slowly recover
VN 	Beverage sales affected by weather while Snackfoods sales growing
ID 	Snacks and Chocolates growing but sales affected by discontinued C2
CN/HK  	Seasonal higher sales for Cereals and Oats



# Non-BCF (Agro-Commodities): Positive income contribution

<i>Php Billions</i>	Q1 FY14 Sales	YoY	Q1 FY14 EBIT	YoY
Flour	1.1	+7%	0.3	+6%
Sugar	0.7	-50%	0.5	+2%
Commodity Foods*	1.8	-25%	0.8	+3%
Feeds**	0.8	-7%	0.1	-34%
Farms***	1.3	+11%	0.1	+109%
Agro-Industrial	2.0	+3%	0.2	+14%
<b>NON-BRANDED</b>	<b>3.9</b>	<b>-13%</b>	<b>1.0</b>	<b>+5%</b>

## COMMODITY FOODS GROUP

- Lower cane supply affected sales volume for Sugar while Flour registered 13% increase in volume
- Better selling prices for Sugar and lower wheat cost resulted in slightly higher EBIT

## AGRO-INDUSTRIAL GROUP

- Sales and EBIT growth driven by Farms business
- Decline in Feeds due to weaker volume

•CFG Gross Sales of Php 1.6B for Flour and Php 1.6B for Sugar, with EBIT margins based on gross sales at 19.0% and 32.4% respectively

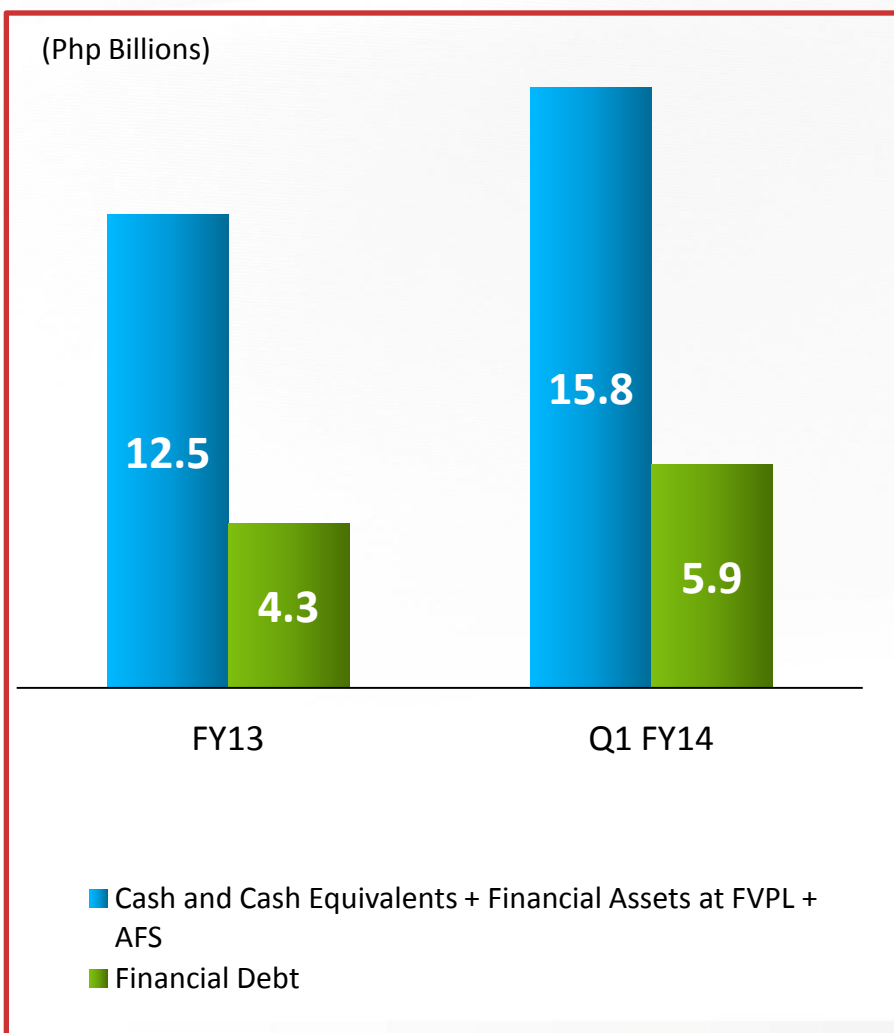
\*\*\* Feeds Gross Sales of Php 1.7B, with EBIT margin based on gross sales at 4.2%

\*\*\*Includes marked-to-market revaluation gain of Php 21M for Q1 FY14 vs. Php 24M in Q1 FY13



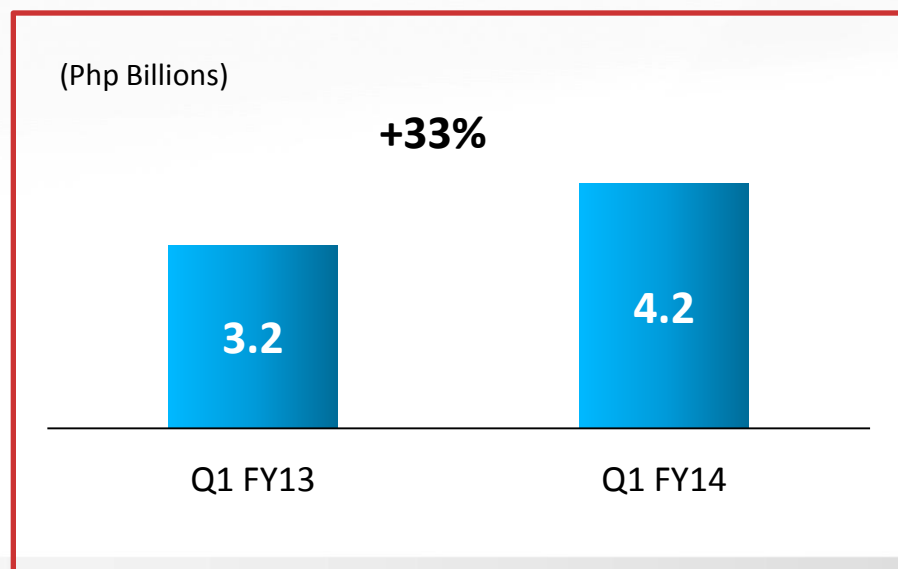
# Strong Cash Position

## Cash and Financial Debt



- Net cash position of Php 9.9B
- Gearing of 0.11
- EBITDA remains healthy
- CAPEX as of Q1 FY14 is Php 2.4B

## EBITDA



# AGENDA



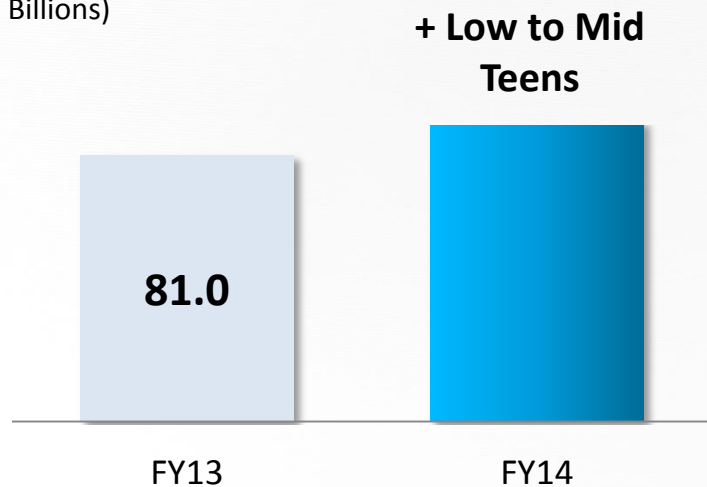
## Q1 FY14 FINANCIAL PERFORMANCE PLANS AND EXPECTATIONS

# Plans and Expectations

## Guidance

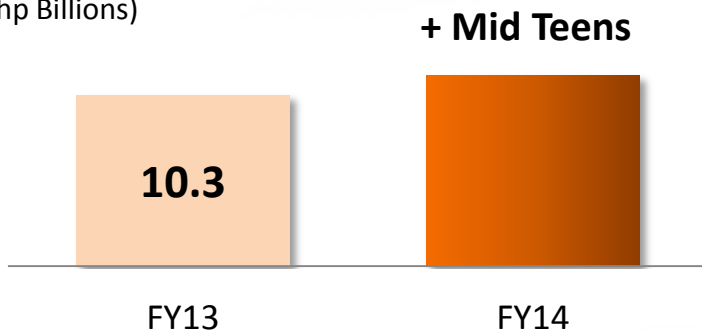
### NET SALES

(Php Billions)



### EBIT

(Php Billions)



## Plans

- Maintain Total Branded Consumer Foods sales growth of double-digits though margin pressures in the horizon
- Commission Coffee/Creamer factory in Vietnam and bio-ethanol facility in the Philippines
- Finish construction of factory in Central Vietnam and start construction of URC Myanmar
- Install additional capacities in PET beverage and snackfood lines, and launch strategic new products
- Finalize joint venture agreement with Calbee
- Maintain profitability of Commodity Foods and Agro-Industrial Groups
- Declared Php 3/share dividend or 65% of reported income

# THANK YOU



# Income Statement

(Php Millions)	Q1 FY14	Q1 FY13	YoY
<b>NET SALES</b>	<b>22,705</b>	<b>20,084</b>	<b>13%</b>
Cost of sales	16,003	14,515	10%
<b>GROSS PROFIT</b>	<b>6,702</b>	<b>5,569</b>	<b>20%</b>
Operating expenses	(3,360)	(3,216)	-4%
<b>OPERATING INCOME</b>	<b>3,342</b>	<b>2,353</b>	<b>42%</b>
Equity in net income	14	11	
Finance revenue (cost)- net	36	195	
Other revenues (expenses)	29	48	
<b>CORE EARNINGS</b>	<b>3,421</b>	<b>2,607</b>	<b>31%</b>
Market valuation gain	19	251	
Foreign exchange gain (loss)- net	15	(307)	
<b>INCOME BEFORE INCOME TAX</b>	<b>3,455</b>	<b>2,551</b>	<b>35%</b>
Provision for income tax	566	256	
<b>NET INCOME</b>	<b>2,889</b>	<b>2,295</b>	<b>26%</b>
Net income attributable to holders of the parent	2,860	2,278	
<b>EBITDA</b>	<b>4,247</b>	<b>3,185</b>	<b>33%</b>

# Balance Sheet

<b>(Php Millions)</b>	<b>Q1 FY14</b>	<b>FY13</b>
<b>Cash &amp; cash equivalents (including Financial assets at FVPL and AFS)</b>	<b>15,822</b>	<b>12,469</b>
<b>Other current assets</b>	<b>22,442</b>	<b>20,959</b>
<b>Property, plant and equipment</b>	<b>31,779</b>	<b>30,180</b>
<b>Other noncurrent assets</b>	<b>3,104</b>	<b>2,937</b>
<b>TOTAL ASSETS</b>	<b>73,147</b>	<b>66,545</b>
<b>Current liabilities</b>	<b>18,302</b>	<b>14,719</b>
<b>Long term debt</b>	<b>-</b>	<b>-</b>
<b>Other noncurrent liabilities</b>	<b>1,032</b>	<b>996</b>
<b>TOTAL LIABILITIES</b>	<b>19,334</b>	<b>15,715</b>
<b>Retained earnings</b>	<b>40,635</b>	<b>37,775</b>
<b>Other equity</b>	<b>13,178</b>	<b>13,055</b>
<b>TOTAL EQUITY</b>	<b>53,813</b>	<b>50,830</b>

# Divisional Financials

(Php Millions)	SALES			EBIT			EBIT MARGIN		
	Q1 FY14	Q1 FY13	YoY	Q1 FY14	Q1 FY13	YoY	Q1 FY14	Q1 FY13	BPS YoY
<b>Branded Consumer Foods</b>	<b>18,839</b>	<b>15,658</b>	<b>20%</b>	<b>2,572</b>	<b>1,689</b>	<b>52%</b>	<b>13.7%</b>	<b>10.8%</b>	<b>287</b>
Philippines	12,698	9,915	28%	1,966	1,191	65%	15.5%	12.0%	347
Packaging	208	304	-32%	(17)	(22)	21%	-8.1%	-7.3%	(83)
Total Philippines	12,906	10,219	26%	1,949	1,169	67%	15.1%	11.4%	366
International	5,933	5,439	9%	623	520	20%	10.5%	9.6%	94
<b>Non-Branded Consumer Foods</b>	<b>3,866</b>	<b>4,426</b>	<b>-13%</b>	<b>1,007</b>	<b>959</b>	<b>5%</b>	<b>26.0%</b>	<b>21.7%</b>	<b>438</b>
CFG (net)	1,826	2,446	-25%	826	800	3%	45.3%	32.7%	1,255
Flour	1,133	1,057	7%	311	292	6%	27.4%	27.7%	(23)
Sugar	693	1,389	-50%	516	508	2%	74.4%	36.5%	3,789
AIG (net)	2,040	1,980	3%	180	159	14%	8.8%	8.0%	82
Feeds	790	851	-7%	70	106	-34%	8.8%	12.4%	(360)
Farms	1,250	1,129	11%	110	53	109%	8.8%	4.7%	416
Corporate Expense				(237)	(295)				
<b>TOTAL URC</b>	<b>22,705</b>	<b>20,084</b>	<b>13%</b>	<b>3,342</b>	<b>2,353</b>	<b>42%</b>	<b>14.7%</b>	<b>11.7%</b>	<b>300</b>



# Value Market Shares

## Philippines

CATEGORY	MARKET SHARE	#1	#2	#3
Snacks	39%	URC	25%	8%
Candies	35%	URC	12%	10%
Chocolates	24%	URC	9%	9%
Biscuits	16%	34%	28%	URC
Cookies	27%	URC	24%	12%
Pretzels	44%	URC	30%	13%
Canned Beans	80%	URC	8%	5%
Cup Noodles	45%	52%	URC	2%
RTD Tea	82%	URC	6%	4%
Coffee	22%	51%	URC	22%
Instant Coffee	24%	74%	URC	2%
Coffee Mixes	22%	43%	30%	URC

## Thailand

CATEGORY	MARKET SHARE	#1	#2	#3
Biscuits	22%	URC	10%	10%
Wafers	25%	URC	14%	13%

Source: AC Nielsen Retail Index November 2013

## Vietnam

CATEGORY	MARKET SHARE	#1	#2	#3
RTD Tea	35%	49%	URC	

Source: AC Nielsen Retail Index December 2013 (6 key cities)



AC Nielsen Survey MAT: Snacks, Cup Noodles, RTD Tea, Coffee- Dec 2013, Candies, Chocolates, Biscuits, Canned Beans- Nov 2013