



UNIVERSAL ROBINA  
CORPORATION

# ANNUAL SHAREHOLDERS' MEETING

May 12, 2014



# **AGENDA**

**FY13 PERFORMANCE**

**FY14 FIRST HALF RESULTS**

**PLANS AND GUIDANCE**



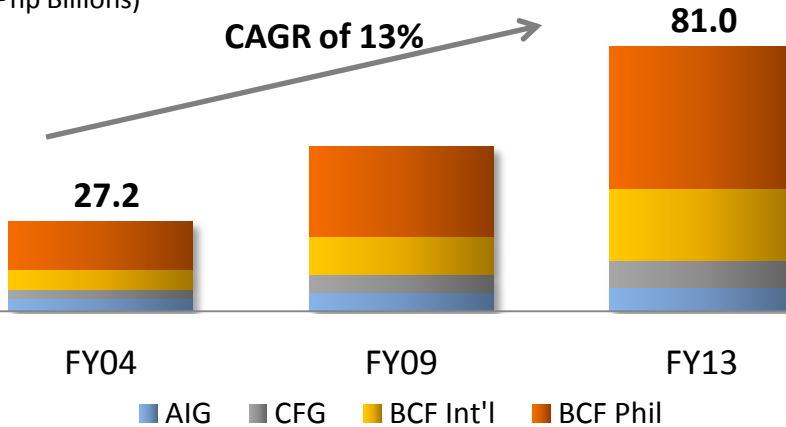
# Strong track record of growth and increasing shareholder value over the last ten years

Managed to grow sales and EBIT by 3x and 5x respectively in the last 10 years

## NET SALES

(Php Billions)

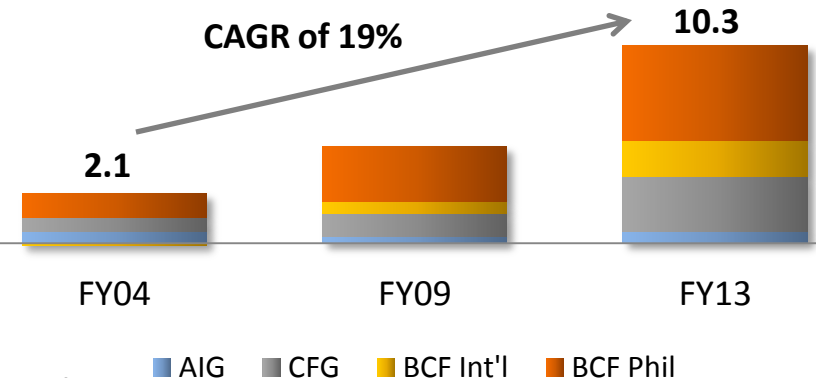
CAGR of 13%



## EBIT

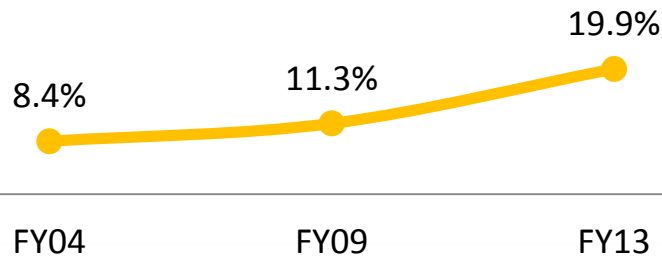
(Php Billions)

CAGR of 19%



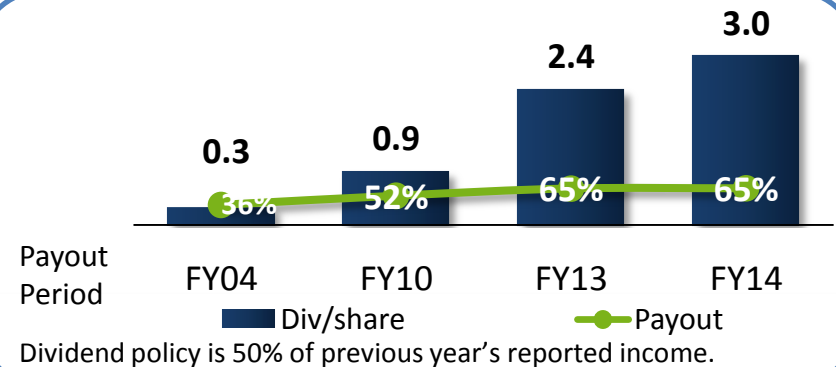
\*Net of Corporate Expenses

## Significantly improved ROE



ROE= Net Income/Equity

## Increasing dividends as income expands



Dividend policy is 50% of previous year's reported income.

# FY13: Record Performance

1. URC: Record year in sales and operating income

2. Branded Foods: Breached USD 1.5B sales mark

3. Non-branded: Consistent earnings contribution and value creation

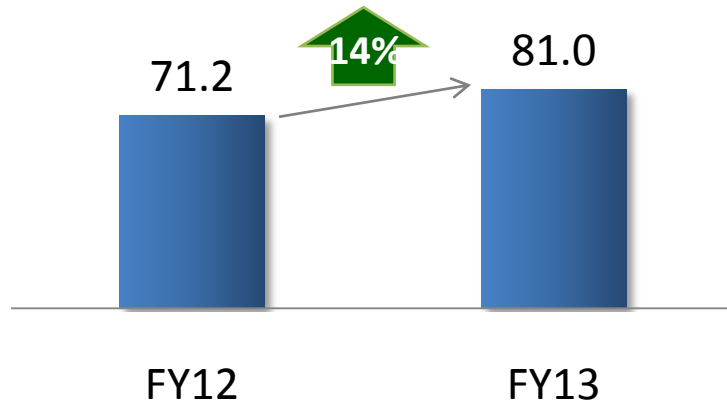
4. Strong cash position and poised for growth

# 1. URC: Record year in sales and operating income

## Double digit top line growth

### Net Sales

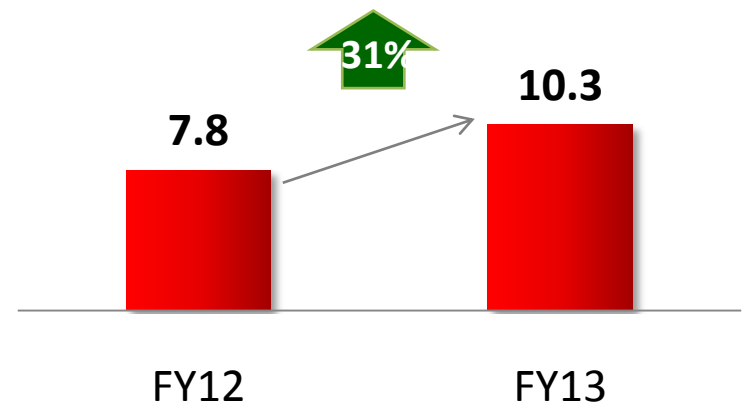
(Php Billions)



## EBIT growing faster than sales

### EBIT

(Php Billions)

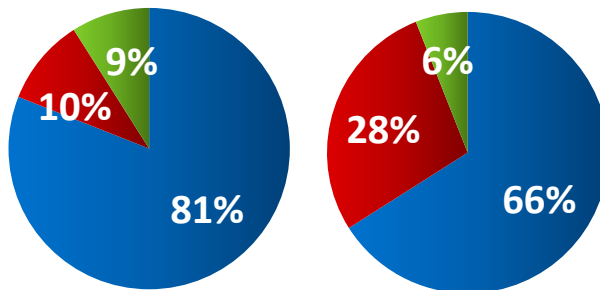


## Revenue and income contribution

### NET SALES

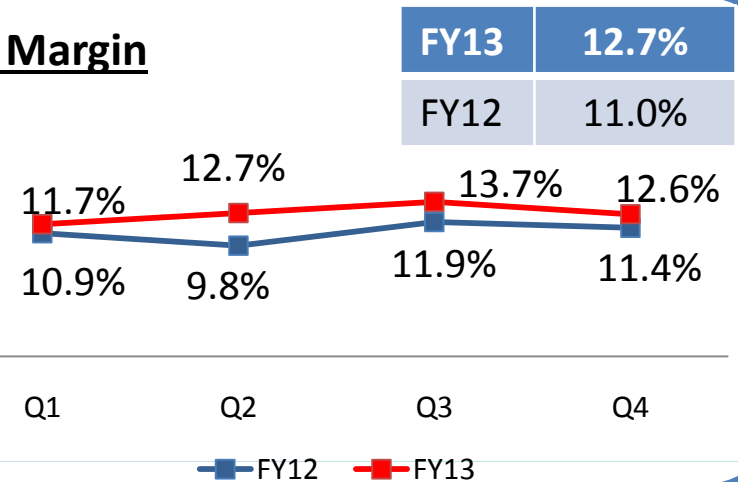
### EBIT

■ BCFG  
■ CFG  
■ AIG



## Lower input costs + Scale = Margin expansion

### EBIT Margin

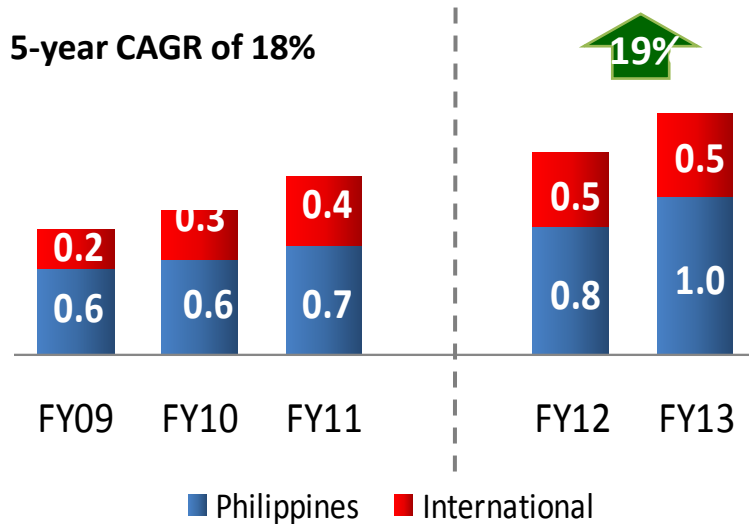


# 2. Branded Foods: Breached USD 1.5B sales mark

## Strong and Consistent Double Digit Growth

Growth driven by BCF Philippines and increased sales momentum for International

(USD Billions)









*Philippines- includes Packaging*

## Transforming into a Pan ASEAN play

(Growth in USD)

5-year CAGR

FY13 vs. FY12

	PH	+16%	+23%
	VN	+37%	+15%
	TH	+13%	+1%
	ID	+9%	+30%
	MY/ SG	+14%	+1%
	CN/ HK	+25%	+50%

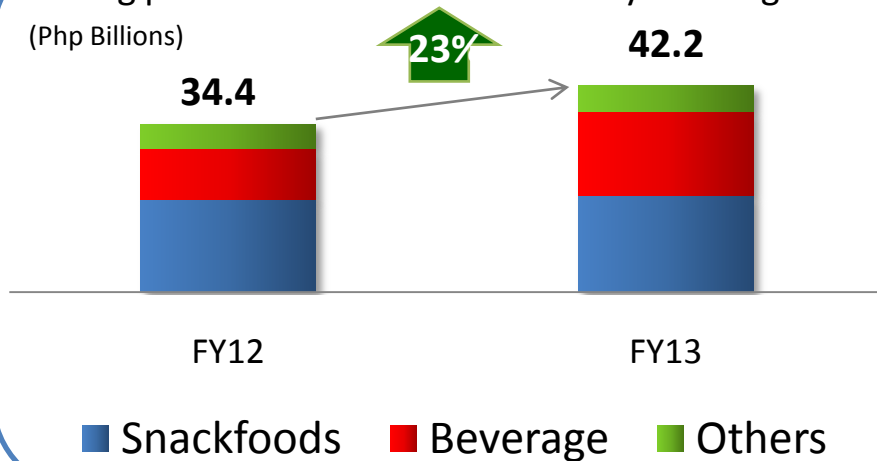
# 2. Branded Foods: Breached USD 1.5B sales mark



## PHILIPPINES: Innovation driving success

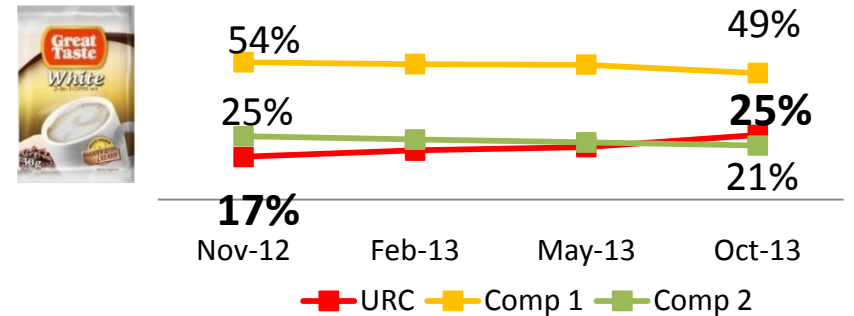
### Beverages complementing Snackfoods

Strong performance in FY13 driven by Beverages  
(Php Billions)



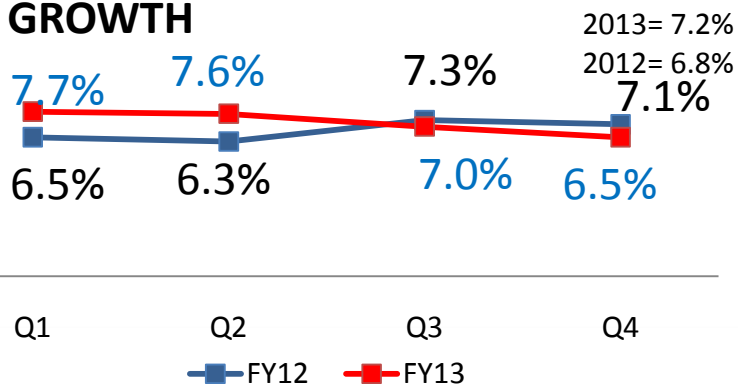
### Solidifying position and grabbing shares

Innovative Coffee product successful in the market



### Macroeconomic fundamentals still intact

#### GDP GROWTH



CATEGORY	Market Share	Position
Snacks	39%	1 <sup>st</sup>
Candies	36%	1 <sup>st</sup>
Chocolates	24%	1 <sup>st</sup>
Biscuits	16%	3 <sup>rd</sup>
Cookies	28%	1 <sup>st</sup>
Pretzels	44%	1 <sup>st</sup>
Canned Beans	80%	1 <sup>st</sup>
Cup Noodles	45%	2 <sup>nd</sup>
RTD Tea	81%	1 <sup>st</sup>
Coffee	21%	3 <sup>rd</sup>
Instant Coffee	23%	2 <sup>nd</sup>
Coffee Mixes	20%	3 <sup>rd</sup>

Based on AC Nielsen

# 2. Branded Foods: Breached USD 1.5B sales mark



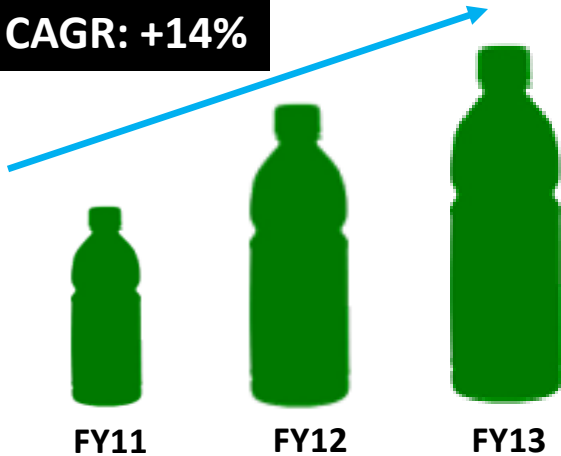
## VIETNAM: Continued growth and potential

### Beverage continue to scale up

- C2 continued its robust growth; now the #1 RTD Tea brand\*
- Widening Beverage portfolio with additional segments (Energy Drinks) and upcoming new products

#### Cases

CAGR: +14%



\* based on AC Nielsen data for Ho Chi Minh, Hanoi and 4 secondary cities

### Building on Snackfoods

- Successful launch of corn chips product
- Increasing presence in Salty Snacks, Biscuits and Confectioneries



### Investments in Manufacturing & Distribution

- Build new factory in Quang Ngai to serve Central VN
- Commission Coffee and Creamer facilities
- Ongoing efforts to improve distribution





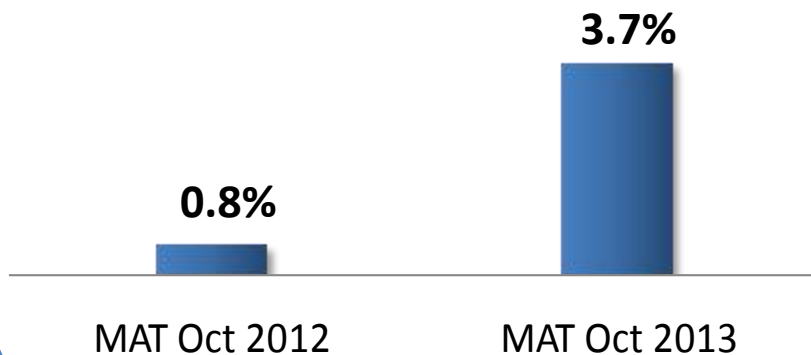
# 2. Branded Foods: Breached USD 1.5B sales mark

## THAILAND: Starting to recover albeit weak Macro environment

### Challenging Macro

- Business affected by weakness in Thai economy, with GDP growth down to 2.8% in 2013 from 6.5% in 2012
- Increasing political uncertainty
- Thais started to save on impulse or discretionary products
- Weak consumption for Biscuits and Wafers

### Vol Growth of Impulse Products

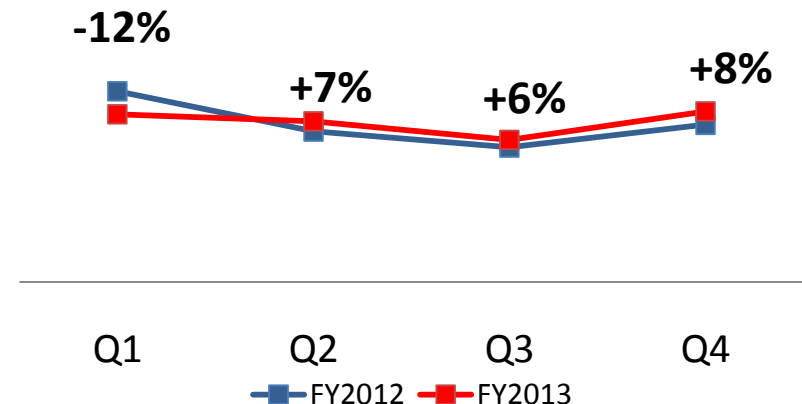


Based on AC Nielsen

### Business slowly on the road to recovery

- Increased A&P spending to buoy up market
- Brought back the original grammage/size of the products
- Offered value for money products at lower price points to address affordability
- Developing higher value added products for the modern retail

### Net Sales (in USD)



## 2. Branded Foods: Breached USD 1.5B sales mark



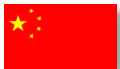
### INDONESIA

- Steadily building scale but recent macro issues affecting profitability
- Successful launch of extruded/pelletized Snacks that cater to the value market
- New Chocolates product gaining traction
- Closed down Beverage operations to focus on Snacks and Confectionery



### MALAYSIA/SINGAPORE

- Chocolates category recovering while investments needed to refresh the Salty Snacks business
- Need to fix distribution and under-trading in modern retail
- Come up with differentiated products catering to Chinese and Malay taste



### CHINA / HONG KONG

- Scaled down local operations, focused on limited geographies (eastern and southern China)
- Excess capacity used to manufacture Coffee and Creamer for BCF Philippines
- Operating the business on an EBITDA positive level



### MYANMAR

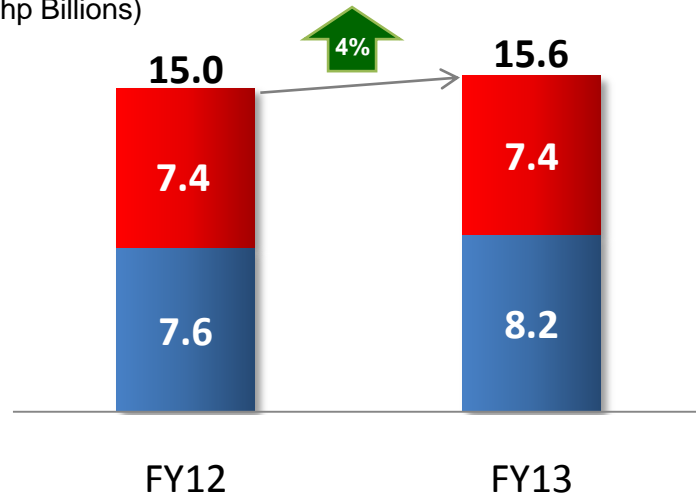
- Investment license approved
- Factory to be operational in the last quarter of 2014



# 3. Non-Branded: Consistent earnings contribution and value creation

## Net Sales

(Php Billions)



## Commodity Foods Group

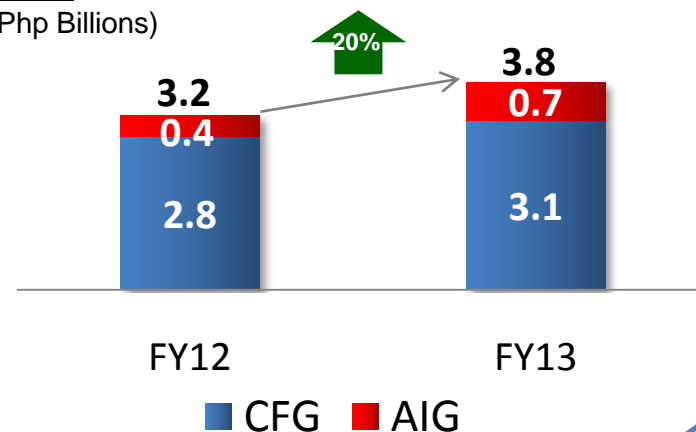
- Profitable business for both Sugar and Flour
- For FY13, Top-line and EBIT growth mainly driven by Sugar
- High return on capital
- Started investments in value added businesses on Sugar – Bio-ethanol and Biomass Cogeneration

## Agro-Industrial Group

- Managed cyclical and earnings volatility
- Low cost producer
- For FY13, better selling prices for Hogs and lower input costs led to increase in profitability

## EBIT

(Php Billions)



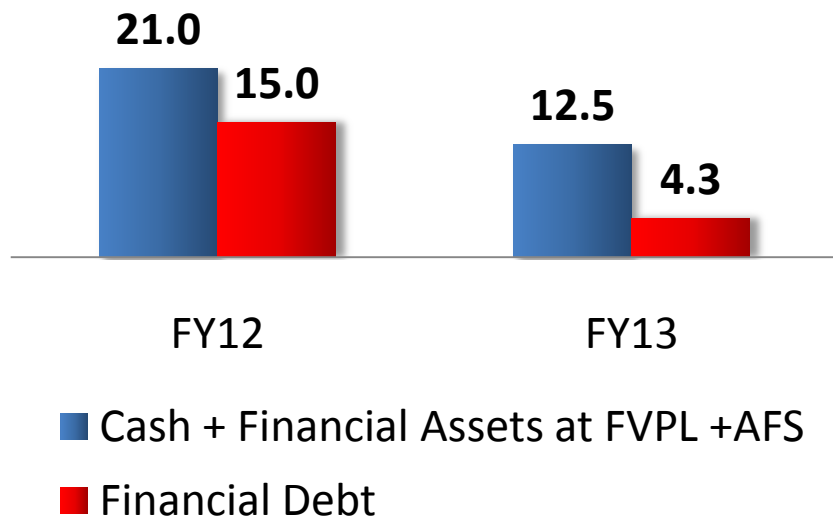
# 4. Strong cash position and poised for growth

## Company remains in a net cash position

- Net cash position of Php 8.1B
- Gearing at a low level of 0.09 vs. 0.32 FY12
- Sustained ability to fund CAPEX, dividends, and additional working capital internally

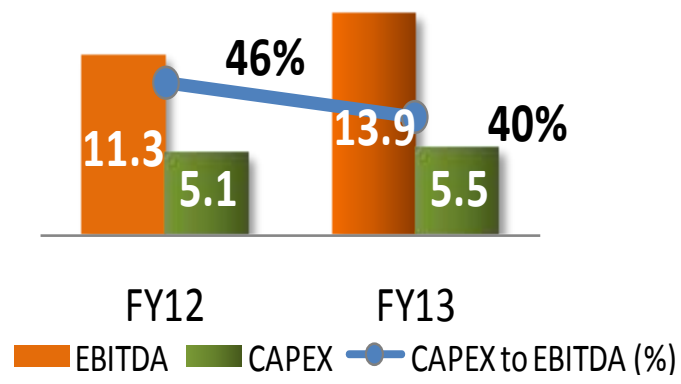
### Cash and Financial Debt

(Php Billions)

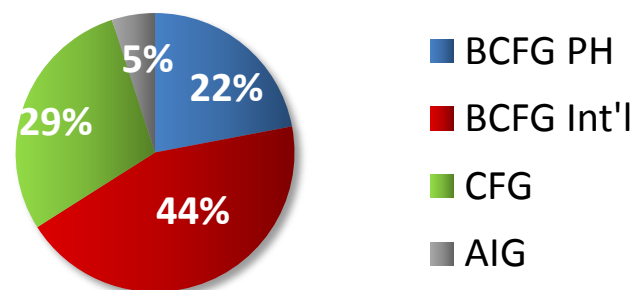


## Rationalize expansion to maximize returns

Investing in growth opportunities



### CAPEX Breakdown



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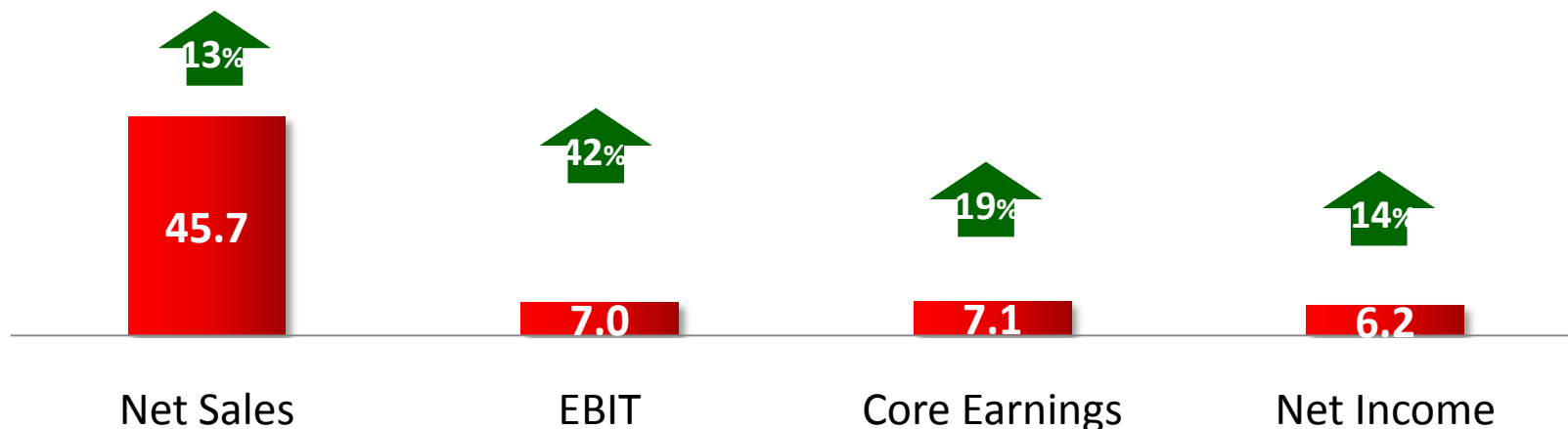
**PLANS AND GUIDANCE**



# URC: Robust operating results

## FY14 1H Financial Highlights

(Php Billions)



- Branded Foods business is the primary growth driver
- EBIT margins expanded by 310 bps driven by lower average input cost and additional scale
- Core Earnings and Net income affected by lower non-recurring gains

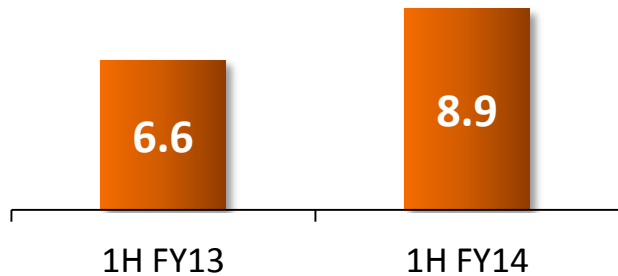
FY14 1H	NET SALES	EBIT	EBIT Margin	Bps vs. SPLY
BCFG	↑ 20%	↑ 52%	14.0%	+293
CFG	↓ 24%	↑ 5%	45.0%	+1,242
AIG	↑ 8%	↑ 37%	12.6%	+262

# Strong Cash Position

- CAPEX as of 1H FY 2014 is Php 4.3B
- Dividends of Php 6.5B
- Gearing ratio of 0.13
- Net cash position of Php 4.3B

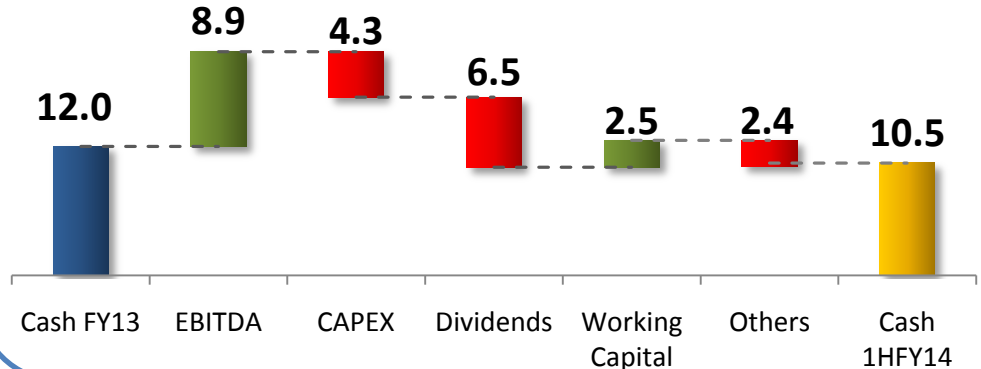
## EBITDA

(Php Billions)

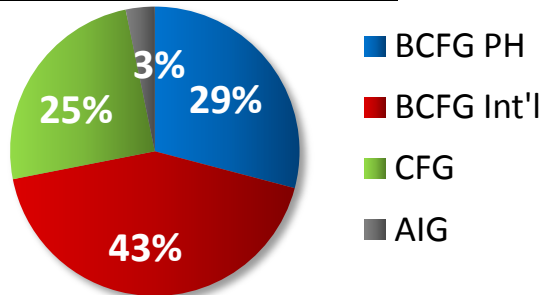


## Cash Position

(Php Billions)

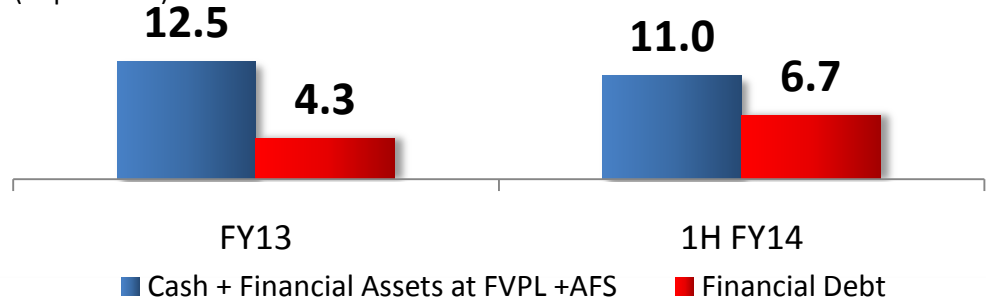


## YTD CAPEX Breakdown



## Cash and Financial Debt

(Php Billions)



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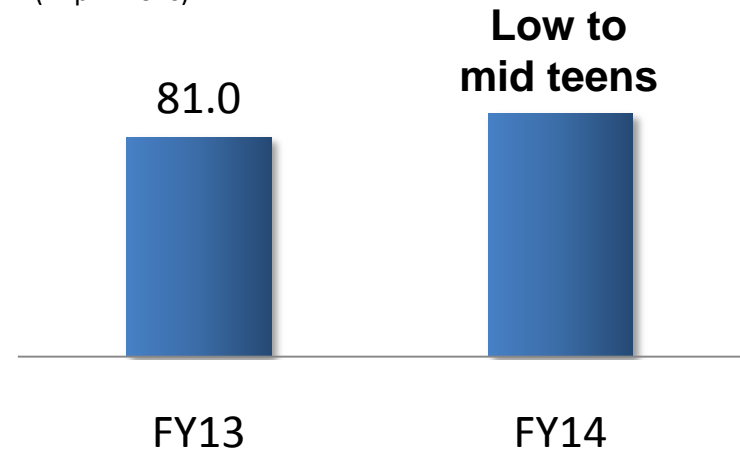


# Plans and Guidance

- **Branded Consumer Foods to grow sales mid to high teens though margin pressure is expected in the second half**
- **Commission Creamer factory in Vietnam and bio-ethanol facility in the Philippines**
- **Finish construction of factory in Central Vietnam, URC Myanmar and Biomass Power Cogeneration facility in the Philippines**
- **Accelerate regional organizational alignment**
- **Execute improvements in selling systems in Indonesia and Thailand**
- **Full year CAPEX of USD 200M**

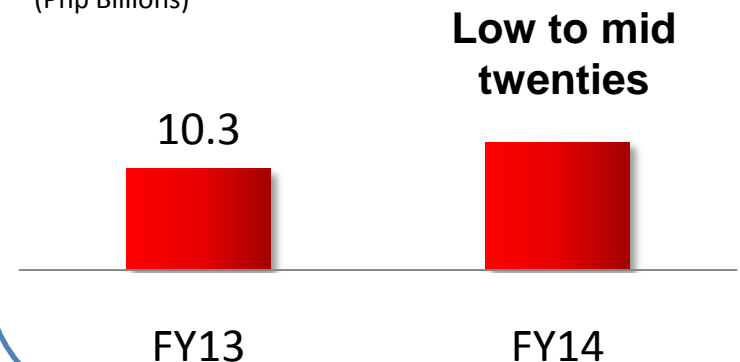
## Net Sales

(Php Billions)



## EBIT

(Php Billions)



THANK YOU