



# ANNUAL SHAREHOLDERS' MEETING

May 27, 2015



UNIVERSAL ROBINA  
CORPORATION

# AGENDA

FY14 MAJOR DEVELOPMENTS

FY15 1H FINANCIAL PERFORMANCE

FY15 PLANS



# URC: FY14 Another record year



- 1** Solid top-line and profit performance with increasing return to shareholders
- 2** Branded Foods: Double digit top-line with significant margin expansion
- 3** Non-Branded: Stable earnings for Commodity Foods while Farms buoyed up Agro Industrial
- 4** Strong balance sheet
- 5** Strategic partnerships and acquisitions with exciting synergies

# 1. Solid top-line and profit performance with increasing returns to shareholders

**+14%**  
In Net Sales

**+37%**  
In EBIT  
**+259bps**  
In EBIT margin

**+26%**  
In Core  
Earnings

**+15%**  
In Net Income

**Php 92.4B**

**Php 14.1B**  
15.3% margin

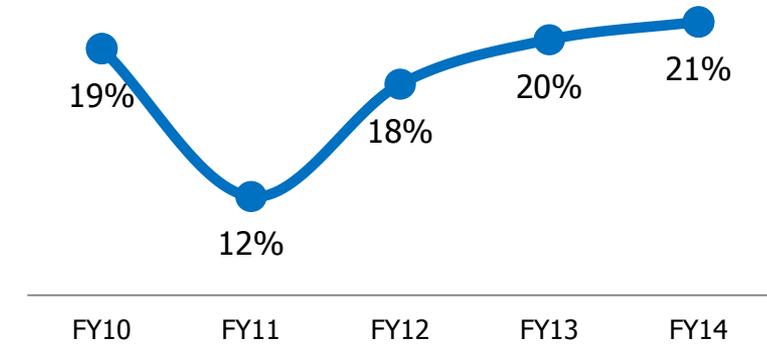
**Php 14.2B**

**Php 11.7B**



# 1. Solid top-line and profitability with increasing returns to shareholders

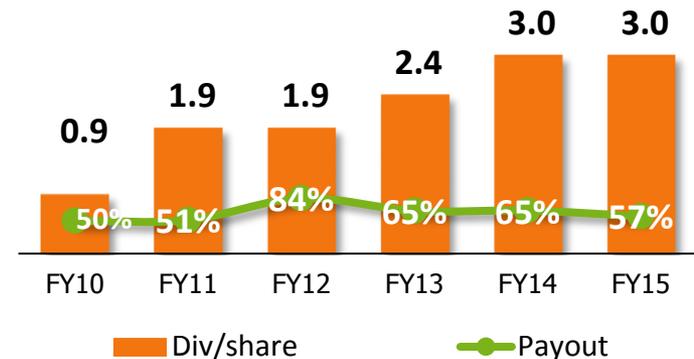
## Significant improvement in ROE



ROE= Net Income/Equity

## Consistent dividend payment

CAGR of 27%



Dividend policy is 50% of previous year's net income; payout based on previous year's net income

## Share price outpacing PCOMP

	2010	2014	CAGR
URC	35	196	54%
PCOMP	4,201	7,231	15%



(taken from Bloomberg, calendar year-end prices)

## 2. Branded Foods: Double digit top-line with significant margin expansion

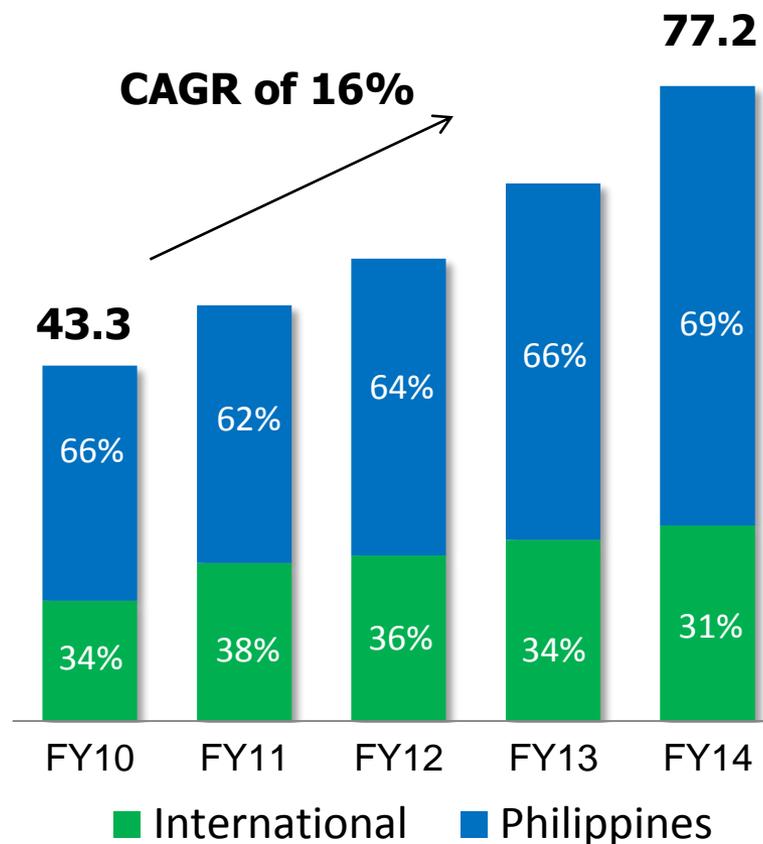
### Net Sales and EBIT

(Php Billions)

	FY14	vs. SPLY
<b>BCF Net Sales</b>	<b>77.2</b>	<b>↑ 18%</b>
<b>Philippines</b>	<b>53.5</b>	<b>↑ 23%</b>
<b>International</b>	<b>23.8</b>	<b>↑ 8%</b>
<b>BCF EBIT</b>	<b>11.1</b>	<b>↑ 48%</b>
<b>Philippines</b>	<b>8.6</b>	<b>↑ 58%</b>
<b>International</b>	<b>2.5</b>	<b>↑ 22%</b>

•Philippines includes packaging

Php Billions



# 2. Branded Foods: Double digit top-line with significant margin expansion

## BCF PH: Outpaced market growth in major categories

		Position	FY14 URC Growth	Market Growth
Snacks	 <b>39%</b>	<b>#1</b>	<b>17%</b>	<b>7%</b>
Chocolates	 <b>23%</b>	<b>#1</b>	<b>25%</b>	<b>12%</b>
Biscuits	 <b>17%</b>	<b>#3</b>	<b>20%</b>	<b>4%</b>
RTD Tea	 <b>84%</b>	<b>#1</b>	<b>16%</b>	<b>7%</b>
Cup Noodles	 <b>46%</b>	<b>#2</b>	<b>30%</b>	<b>30%</b>
Coffee	 <b>29%</b>	<b>#2</b>	<b>49%</b>	<b>11%</b>

•Note: Market share and market growth taken from Nielsen, URC growth based on internal sales growth for 2014

### New Product Launches



## 2. Branded Foods: Double digit top-line with significant margin expansion

**BCF Int'l: Managed to buck the trend in a tough macro environment**



### THAILAND

- Weak macro with GDP of 0.7%
- Promotional and lower pack size strategy for biscuits and wafers buoyed up sales
- Addressed issues in the sales force organization (appointed new national sales manager and trade marketing and selling systems reorganization)



### VIETNAM

- FMCG down by -4% in the past 12 months, with RTD tea at -9%
- Consumer Confidence Index low
- Managed to protect C2 business with new beverage products gaining traction (C2 Oolong, Rong Do)



## 2. Branded Foods: Double digit top-line with significant margin expansion

**BCF Int'l: Managed to buck the trend in a tough macro environment**

### INDONESIA

- Consumption affected by higher inflation and weaker Rupiah
- Snackfoods +11% driven by all time high volumes from Piattos and growth of Cloud 9; revised channel strategy towards modern retail
- Revised channel strategy focus on modern retail (Minimarts)



### MALAYSIA/SINGAPORE

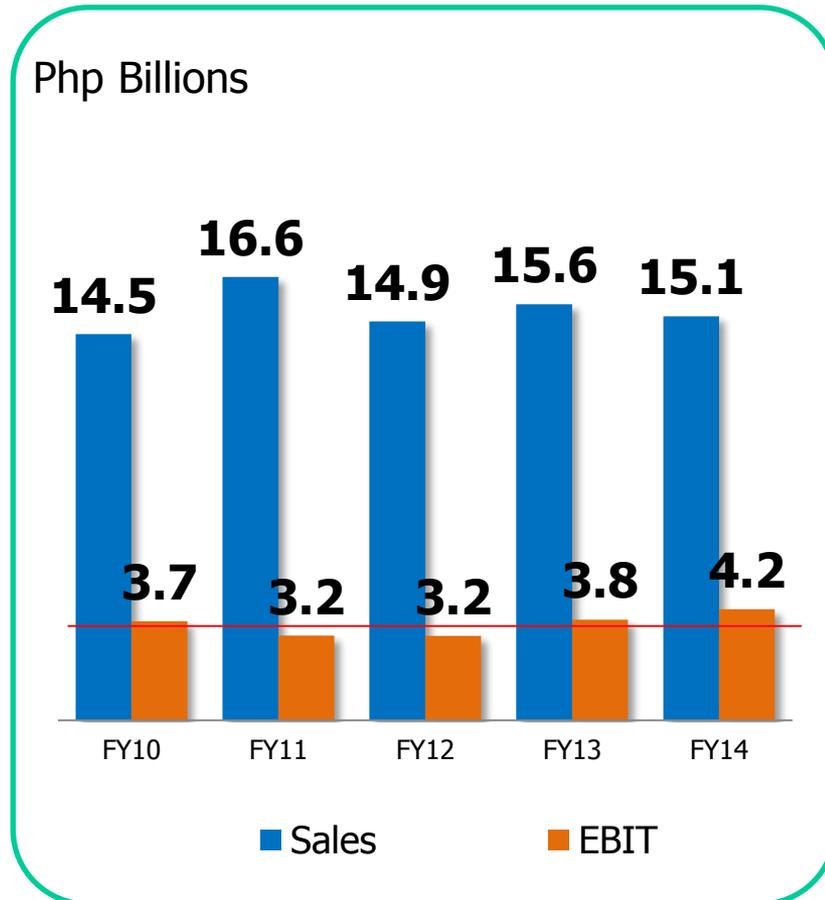
- Growth in biscuits and confectionery sales partially offset by decline in salty snacks

### CHINA / HONG KONG

- Aces (cereals and oats) and salty snacks growing while biscuits sales sluggish

### 3. Non-Branded: Stable earnings for Commodity Foods while Farms buoyed up Agro Industrial

<i>Php Billions</i>	<b>FY14 Sales</b>	<b>YoY</b>	<b>FY14 EBIT</b>	<b>YoY</b>
<b>Flour</b>	<b>4.1</b>	<b>+5%</b>	<b>1.1</b>	<b>+10%</b>
<b>Sugar</b>	<b>2.8</b>	<b>-34%</b>	<b>2.0</b>	<b>-6%</b>
<b>Commodity Foods*</b>	<b>6.9</b>	<b>-15%</b>	<b>3.1</b>	<b>-1%</b>
<b>Feeds**</b>	<b>3.4</b>	<b>+11%</b>	<b>0.3</b>	<b>-13%</b>
<b>Farms***</b>	<b>4.8</b>	<b>+11%</b>	<b>0.8</b>	<b>+163%</b>
<b>Agro-Industrial</b>	<b>8.2</b>	<b>+11%</b>	<b>1.1</b>	<b>+62%</b>
<b>NON-BRANDED</b>	<b>15.1</b>	<b>-3%</b>	<b>4.2</b>	<b>+10%</b>



\*CFG Gross Sales for FY14 of Php 6.0B for Flour and Php 7.0B for Sugar

\*\* Feeds Gross Sales for FY14 of Php 7.3B, with EBIT margin based on gross sales at 4.5%

\*\*\*Includes marked-to-market revaluation gain of Php 183.0M for FY14 vs. Php 69.9M SPLY

# 3. Non-Branded: Stable earnings for Commodity Foods while Farms buoyed up Agro Industrial

New value added-business segments in renewables and fresh meat cuts

## FRESH MEAT BUSINESS

Fresh meat and relatively more stable segments to mitigate the impact of volatile prices of live hogs



## BIO ETHANOL

Turn molasses, a by-product of URC's sugar business, into fuel grade ethanol



## BIOMASS POWER

Take advantage of URC's bagasse by turning it into renewable energy

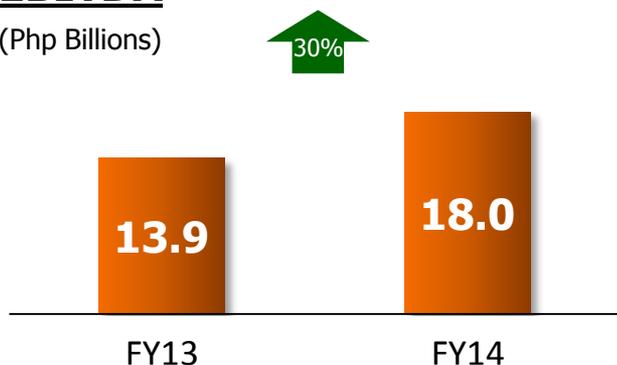


# 4. Strong balance Sheet

- CAPEX for FY 2014 is Php 7.7B
- Dividends of Php 6.6B
- Gearing ratio of 0.16
- Net cash position of Php 1.8B

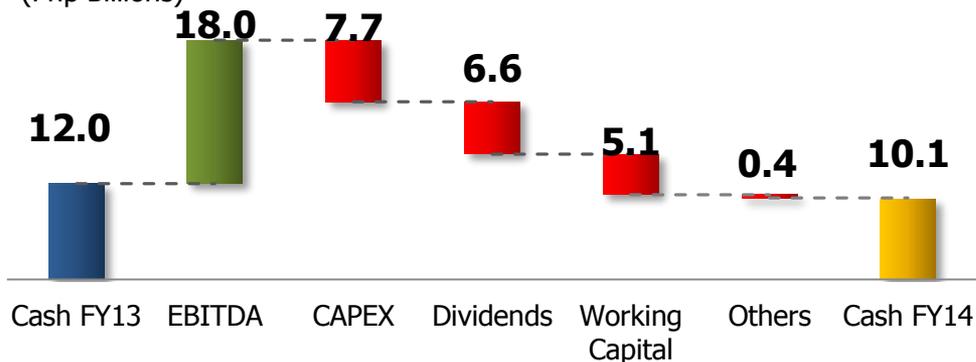
## EBITDA

(Php Billions)

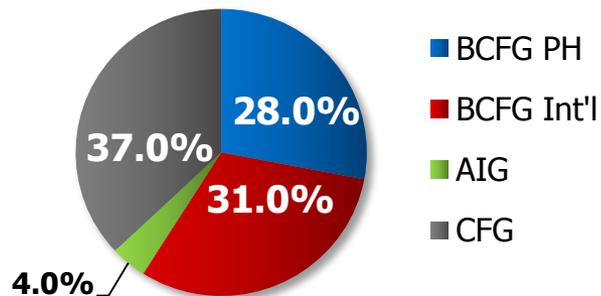


## Cash Position

(Php Billions)

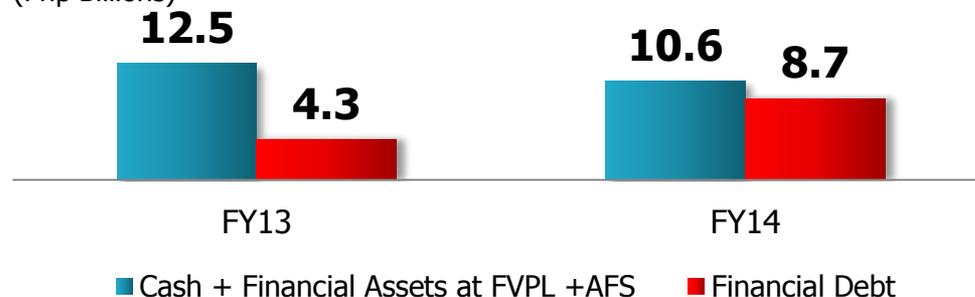


## FY14 CAPEX Breakdown



## Cash and Financial Debt

(Php Billions)



# 5. Strategic partnerships and acquisitions with exciting synergies

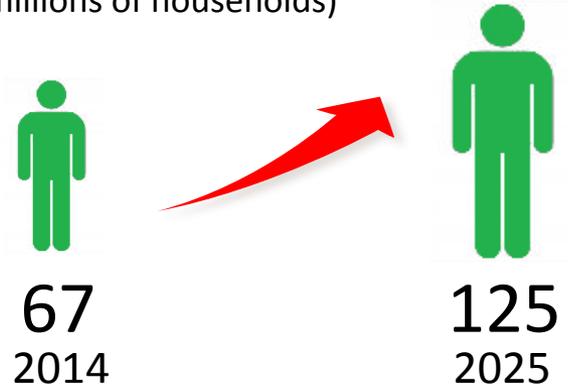
## Take advantage of the rising middle class and premiumisation opportunity

- Middle-class expansion will affect consumption, purchasing behavior and brand preferences
- Consumers are benefiting from job creation and higher purchasing power
- As incomes expand, consumers become more aspirational and will trade up to premium offerings to show better social status
- Emerging markets present greater opportunity for organized retail as incomes increase

- URC will continue supporting its existing products but will also develop a premium product portfolio suitable to modern retail
- URC is kick-starting its premiumisation efforts with Griffin's, and the two new joint ventures, Calbee – URC, and Danone – Universal Robina Beverages

### ASEAN Middle Class:

(in millions of households)



# 5. Strategic partnerships and acquisitions with exciting synergies



- Announced acquisition of Griffin's Food Limited in July 2014
- Completed the transaction last Nov 14, 2014 and paid NZD 742M (700EV and 42M working capital)
- Financing via two 5-year term syndicated loans
- Management identifying quick wins and synergies in Operations, Product Development and Procurement
- Will start work on branding to ensure successful launch of Griffin's products into URC's markets and vice versa



# 5. Strategic partnerships and acquisitions with exciting synergies



- Announced 50-50 partnership with Calbee Japan in March 2014
- Products to complement URC's mainstream salty snacks portfolio by participating in the premium price segments
- Finished installation and commissioning run for the facility
- Started selling last February 23, 2015



- Announced 50-50 partnership with Danone Waters in October 2014
- Started trade introduction in January 20, 2015 under the "B'lue" brand and slowly pipelining product with focus on convenience store channels
- Product USP: "be at my personal best anytime, anywhere"
- Brand activation and marketing communications were implemented in the second quarter of FY15



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- Integrated noodles business under the JV with URC effectively owning 51%
- Cup format well positioned to take advantage of the growing trend for convenience and premiumisation



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JACK'n JILL

Life's Fun!

Great  
Taste



Griffin's

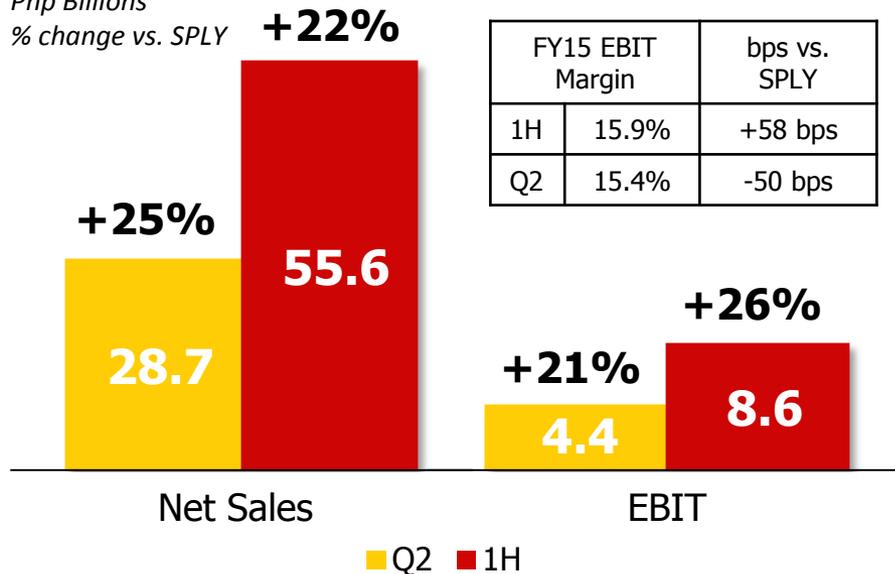
Nice &  
Natural

# URC: Topline growing with margins slightly expanding

## Net Sales and EBIT

Php Billions

% change vs. SPLY

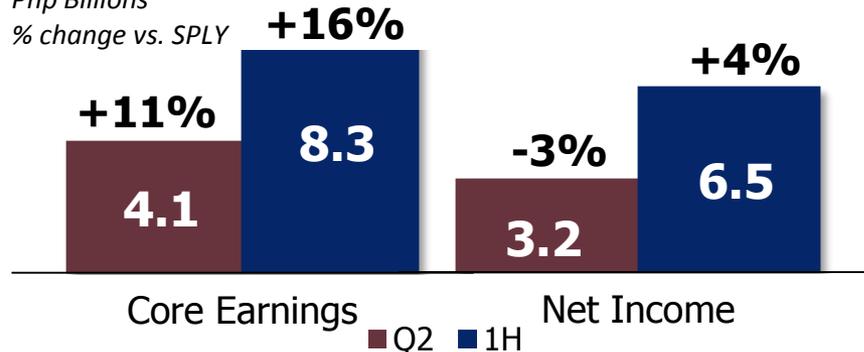


- Growth driven primarily by strong performance from Branded Foods, Sugar and Feeds
- 1H EBIT margins at 15.9%, a 58 bps expansion with Q2 margins slightly depressed by Farms
- Booked lower net income due to higher finance costs, unrealized foreign exchange losses, and equity share in net losses of joint ventures

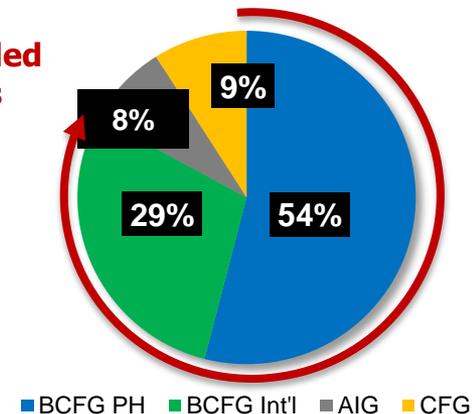
## Core Earnings and Net Income

Php Billions

% change vs. SPLY



## Branded Foods

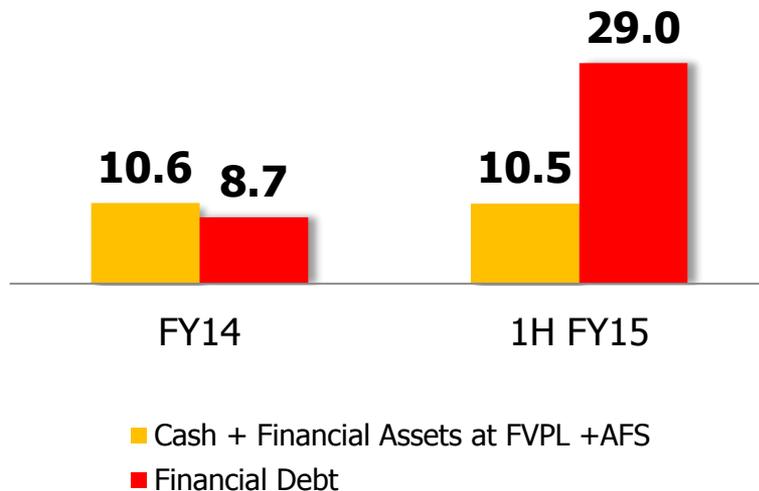


# Balance sheet remains strong

- Net debt position of Php 18.5B as we booked Php 24B in long term debt to finance Griffin acquisition; Gearing ratio of 0.51
- CAPEX for 1H FY15 is Php 2.5B
- Paid dividends of Php 6.5B

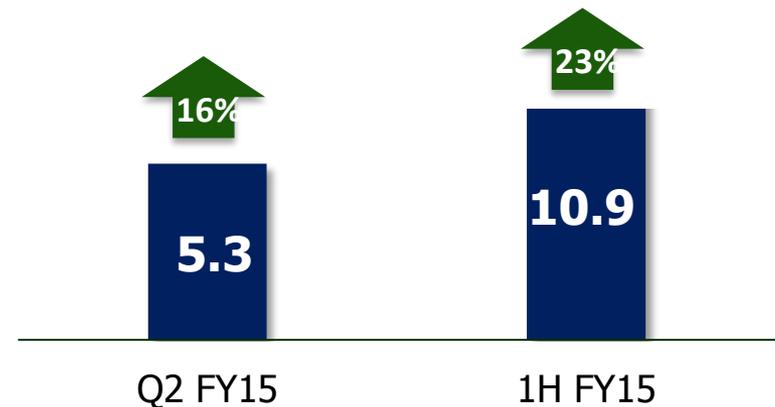
## Cash and Financial Debt

(Php Billions)



## EBITDA

(Php Billions)



# AGENDA

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# Plans and Guidance

## FY15 Outlook

- **Total URC to grow topline and EBIT by 20-25%**
- **Branded Foods to grow above 20% in sales and EBIT**
- **Maintain profit contribution for Non Branded Foods**

The logo for JACK'n JILL, featuring the brand name in white, bold, sans-serif capital letters inside a red rounded rectangular border.

*Life's Fun!*

The logo for Griffin's, featuring the brand name in white, cursive script inside a red oval.The logo for Great Taste, featuring the words "Great Taste" in white, bold, sans-serif font inside a red rounded rectangular border.The logo for Cool & Clean, featuring a stylized green number "2" with the words "cool & clean" in white and green text below it.The logo for Nice & Natural, featuring the words "Nice & Natural" in a brown, serif font.

## Plans

- **Commission Central Vietnam and Myanmar facilities**
- **Install additional capacities in PET beverage and snackfoods across the ASEAN operations and a new bar line in New Zealand**
- **Initiate Global portfolio and branding review for URC and Griffins**
- **Implement synergies and alignment in procurement and manufacturing across the branded foods division**

# THANK YOU



# Income Statement

(Php Millions)	FY14	FY13	YoY
NET SALES	92,376	80,995	14%
Cost of Sales	64,005	57,776	11%
GROSS PROFIT	28,371	23,219	22%
Operating Expenses	14,252	12,940	10%
OPERATING INCOME	14,119	10,279	37%
Equity in net income	14	19	
Finance Revenue (cost) - net	79	264	
Other Revenues	3	700	
CORE EARNINGS	14,214	11,262	26%
Market valuation gain	63	473	
Foreign exchange gains (losses) - net	73	(157)	
Impairment loss	(122)	(29)	
INCOME BEFORE INCOME TAX	14,228	11,549	23%
Provision for income tax	2,572	1,432	
NET INCOME	11,655	10,117	15%
Net income attributable to holders of the parent	11,559	10,045	
EBITDA	18,004	13,901	30%

Net finance revenue decreased vs. SPLY due to:

- Lower finance revenue caused by a decline in level of financial assets as bonds and equity investments were disposed
- Lower finance cost due to a decline in level of financial debt as long-term debt was settled

Market valuation gain on financial instruments at fair value through profit or loss decreased due to a lower level of financial assets as all bond investments and a majority of equity investments were disposed

Foreign exchange gain (loss) – FY14 posted a gain vs. a foreign exchange loss for FY13 due to currency translation adjustments and restatements of foreign currency denominated balances

# Balance Sheet

(Php Millions)	FY14	FY13
Cash & cash equivalents (including Financial assets at FVPL and AFS)	10,574	12,469
Other current assets	29,704	20,959
Property, plant, and equipment	34,408	30,180
Other noncurrent assets	3,236	2,937
<b>TOTAL ASSETS</b>	<b>77,921</b>	<b>66,545</b>
Current liabilities	21,168	14,719
Other noncurrent liabilities	726	996
<b>TOTAL LIABILITIES</b>	<b>21,894</b>	<b>15,715</b>
Retained earnings	42,789	37,775
Other equity	13,238	13,055
<b>TOTAL EQUITY</b>	<b>56,027</b>	<b>50,830</b>

# Divisional Financials

(Php Millions)	SALES			EBIT			EBIT MARGIN		
	FY14	FY13	YoY	FY14	FY13	YoY	FY14	FY13	BPS YOY
<b>Branded Consumer Foods</b>	<b>77,234</b>	<b>65,401</b>	<b>18%</b>	<b>11,099</b>	<b>7,487</b>	<b>48%</b>	<b>14.4%</b>	<b>11.4%</b>	<b>292</b>
Philippines	52,352	42,180	24%	8,648	5,508	57%	16.5%	13.1%	346
Packaging	1,106	1,167	-5%	(63)	(81)	22%	-5.7%	-7.0%	124
Total Philippines	53,458	43,347	23%	8,585	5,427	58%	16.1%	12.5%	354
International	23,776	22,054	8%	2,514	2,060	22%	10.6%	9.3%	123
<b>Non-Branded Consumer Foods</b>	<b>15,142</b>	<b>15,594</b>	<b>-3%</b>	<b>4,157</b>	<b>3,776</b>	<b>10%</b>	<b>27.5%</b>	<b>24.2%</b>	<b>324</b>
CFG (net)	6,939	8,201	-15%	3,091	3,119	-1%	44.5%	38.0%	651
Flour	4,137	3,948	5%	1,087	989	10%	26.3%	25.1%	122
Sugar	2,802	4,253	-34%	2,004	2,130	-6%	71.5%	50.1%	2,146
AIG (net)	8,203	7,393	11%	1,066	657	62%	13.0%	8.9%	411
Feeds	3,427	3,098	11%	326	375	-13%	9.5%	12.1%	(259)
Farms	4,776	4,295	11%	740	282	163%	15.5%	6.6%	895
Corporate Expense				(1,138)	(984)				
<b>TOTAL URC</b>	<b>92,376</b>	<b>80,995</b>	<b>14%</b>	<b>14,118</b>	<b>10,279</b>	<b>37%</b>	<b>15.3%</b>	<b>12.7%</b>	<b>259</b>

# Value Market Shares

## Philippines

CATEGORY	MARKET SHARE	#1	#2	#3
Snacks	38%	URC	23%	7%
Candies	32%	URC	11%	11%
Chocolates	22%	URC	11%	9%
Biscuits	17%	33%	27%	URC
Cookies	29%	URC	23%	13%
Pretzels	38%	URC	26%	11%
RTD Tea	84%	URC	5%	4%
Coffee	29%	46%	URC	20%
Instant Coffee	27%	70%	URC	2%
Coffee Mixes	30%	39%	URC	26%
Cup Noodles	50%	URC	49%	1%

Source: AC Nielsen Survey MAT: Snacks, Coffee (Instant & Coffee Mixes) and RTD Tea - February 2015; Biscuits (Pretzels, and Cookies), Candies, Chocolates-January 2015; Cup Noodles-March 2015

## Thailand

CATEGORY	MARKET SHARE	#1	#2	#3
Biscuits	23%	URC	10%	8%
Wafers	25%	URC	14%	11%

Source: AC Nielsen Retail Index February 2015

## Vietnam

CATEGORY	MARKET SHARE	#1	#2	#3
RTD Tea	35%	42%	URC	16%

Source: AC Nielsen Retail Index February 2015 (6 key cities)