



Full-year CY2017 Earnings Call

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AGENDA

■ Full Year CY2017 Financial Performance and Business Updates

■ Plans and Expectations for 2018

■ Appendix

URC: Challenges in 2017 led to weaker profitability

	CY17	CY16	vs SPLY
SALES	125.0	112.6	+11%
EBIT	15.0	15.8	-5%
EBIT Margin	12.0%	14.0%	-203 bps
EBITDA	21.1	21.4	-2%
Core Earnings*	13.7	14.9	-10%
Net Income	11.2	13.1	-15%

- Double-digit topline growth driven by full year consolidation of Snack Brands Australia (SBA) and growth of Thailand, Agro-Industrial Group (AIG) and Sugar & Renewables (SURE)
- Margins were depressed due to unfavorable forex, higher input cost and challenges in coffee in the Philippines (PH) and Vietnam (VN)
- Core earnings and net income declined as a result of higher net finance costs and equity losses in joint ventures, and lower unrealized forex gains

BCF: Coffee in the Philippines & slower than expected recovery in Vietnam pulled down margins

	CY17	CY16	vs SPLY
SALES	101.8	92.1	+11%
EBIT	12.1	13.1	-8%
EBIT MARGIN	11.9%	14.2%	-234 bps

- Sales growth attributable to consistent performance of core snacking in the PH, Thailand (TH) and SBA
- Operating income declined due to higher input cost, forex devaluation, lower volumes & unfavorable mix driven by coffee in the PH and the slower than expected recovery in VN

BCF PH: Growth in core snacking wasn't enough to offset the drag from coffee. RTD Beverages posted strong growth in 2H

	CY17	CY16	VS SPLY
SALES	59.0	59.2	-0%
EBIT	8.9	10.5	-15%
EBIT MARGIN	15.1%	17.7%	-259 bps

- Most categories grew versus last year but challenges in coffee pulled down overall topline and profitability
- Margins further contracted as a result of higher input cost and the continuous PHP devaluation

BCF PH Highlights & Updates

Sustained Growth of Core Snacking & JVs

Year-to-date sales growth

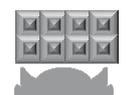
Core Snacking +8%

 Salty Snacks

+9%

 Bakery

+7%

 Confectionery

+6%



JVs (ex Hunts) +21%

 Noodles

+20%

 Others (ex Hunts)

+29%

RTD Beverages recovered in the 2H



Coffee's Q4 Improvements



Reinvention of C2

The relaunch of the C2 brand will reignite brand relevance and relatability via the new brand image while boosting C2's recovery in terms of sales and market share.



BCF INTL: Better Q4 performances of Vietnam and Griffin's led to recovery in margins

	CY17	CY16	VS SPLY
SALES	42.9	32.9	+30%
EBIT	3.2	2.6	+21%
EBIT MARGIN	7.4%	7.9%	-53 bps

- Sales grew driven by the sustained growth in TH, strong domestic performance in Malaysia, and incremental sales from SBA
- Margins started to recover as a result of improvements in Q4 EBIT of VN and Oceania
 - Vietnam already generating positive operating income
 - Griffin's turnaround and synergies w/ SBA continue to lift profitability

BCF International Highlights & Updates

Vietnam's Path to Recovery



- Recovery of our RTD Tea and energy drinks categories plus growing snackfoods business contributed to positive topline recovery with Q4 EBIT now positive
- Better business focus on Foods Category in terms of distribution showing good signs of traction



Successful First Year For Oceania



- ✓ Post acquisition integration of Snack Brands and the re-alignment of total Oceania management resulted to overall gain for the region
- ✓ Griffin's core profitability posted improvements from synergies with SBA
- ✓ Successful first year in establishing productive ways of working across Oceania with a leaner organization
- ✓ Transformed culture in NZ
- ✓ Integration of Nice & Natural Wrapped Snacks into SBA Improved NSV by 28%
 - ✓ Renegotiating terms
 - ✓ Reduction in logistics costs by bringing warehousing into SBA network
 - ✓ More effective deployment of resources

NON-BCF: Topline growth driven by Agro-Industrial Group and Sugar & Renewables (SURE) businesses

	CY17	CY16	VS SPLY
SALES	21.9	19.4	+13%
AIG	10.1	9.2	+10%
CFG	11.8	10.2	+16%
EBIT	4.7	4.3	+9%
AIG	1.8	0.9	+91%
CFG	2.9	3.4	-13%

AGRO- INDUSTRIAL GROUP (AIG)

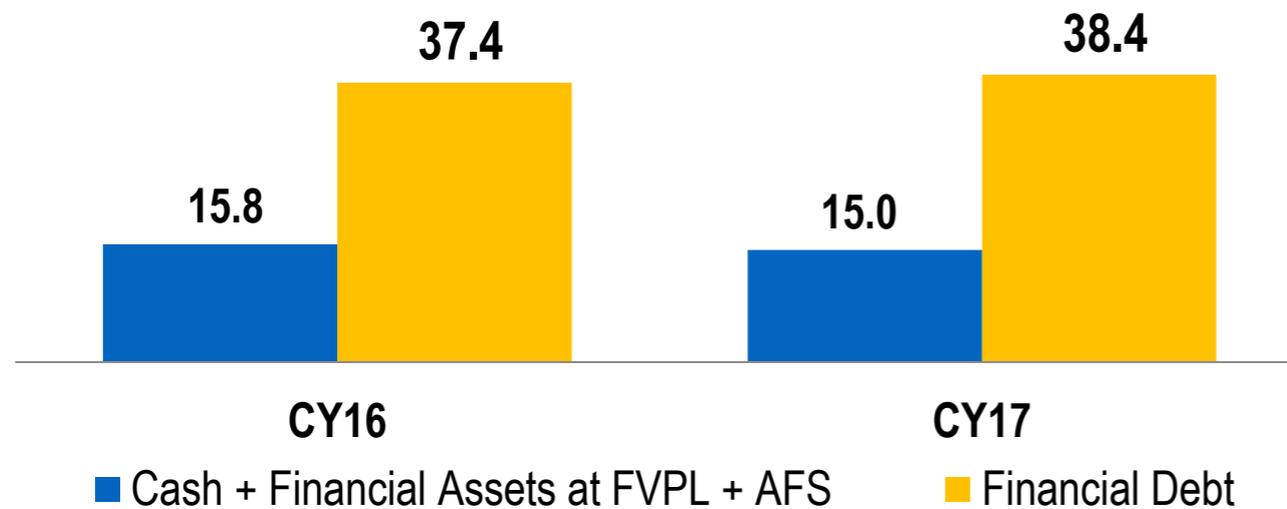
- Better Feeds sales on the back of higher volumes
- Farms grew driven by the increase in volumes of value added products coupled with favorable selling price

COMMODITY FOODS GROUP (CFG)

- Flour sales declined due to lower volumes and selling prices
- Sugar sales increased as a result of higher sales volumes

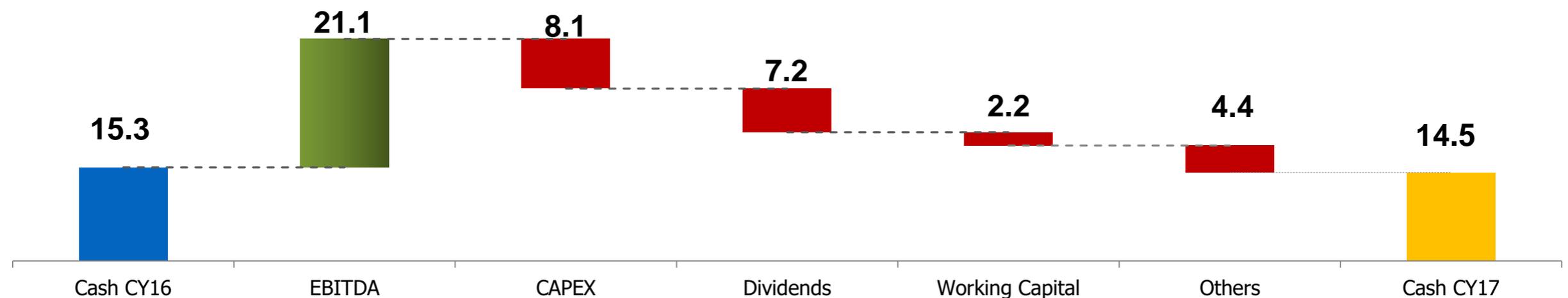
Maintained a healthy cash position

Cash and Financial Debt



- Net debt of Php 23.4B due to long term debt of AUD 484M used for SBA's acquisition
- Gearing ratio of 0.47
- Major cash disbursements for CAPEX and Dividends payment

Cash Position



Plans & Expectations for 2018

PHILIPPINES

- Competition in coffee will remain cutthroat. Our priority is to arrest the sales decline and possibly recover lost market shares and eventually grow the category by mid-single digit driven by new products beyond the white format
- Core snacking and noodles will maintain their momentum given the stable improvement of our supply chain and better route-to-market strategy
- RTD Beverages' short-term volume might be affected by the Sweetened Beverage Tax
- Inflation and forex will continue to be a threat to profitability
- Non-BCF will maintain its absolute profit contribution

INTERNATIONAL

- URC Vietnam's EBIT is projected to be positive along with the steady recovery of C2 and Rong Do, the focus to widen distribution for candies, biscuits and salty snacks and the launch of new RTD formats
- Thailand and Malaysia are expected to continue their growth momentum while Indonesia is foreseen to recover given new product launches in core snacking
- Oceania will continue to improve margins as a result of its synergistic activities between SBA and Griffin's

We expect to bring the business back on track by growing our topline by mid to high single digit and operating income slightly higher

Plans & Expectations for 2018

DIVIDENDS

- Declared a cash dividend of **Php 3.15** per share which is at 64% payout ratio
- Payout scheduled on **March 22, 2018**

2018 MAJOR CAPEX PLANS



BCFG

- New North Luzon Mega Distribution Center
- New Magic Chips line

CFG

- Increase Tolong's pan floor capacity
- Replacement of Flour's B1 Plansifter

AIG

- Hogs expansion
- Cebu feedmill expansion



- New Biscuit Packaging
- Continuation of Glucose Plant construction



- New Biscuits line
- New Soft Candy line

FSSC22000

- Investments in Quality Management and Food Safety systems across the BCF network

APPENDIX

Balance Sheet

(Php Millions)	As of Dec 2017 (Audited)	As of Dec 2016 (Audited)
Cash & cash equivalents (including Financial assets at FVPL and AFS investments)	14,999	15,775
Other current assets	38,750	36,500
Property, plant, and equipment	48,254	45,007
Other noncurrent assets	45,638	45,383
TOTAL ASSETS	147,641	142,665
Current liabilities	28,000	28,105
Noncurrent liabilities	37,955	35,711
TOTAL LIABILITIES	65,955	63,816
Retained earnings	63,244	59,299
Other equity	18,442	19,550
TOTAL EQUITY	81,686	78,849

Income Statement

(Php Millions)	CY 2017 (Audited)	CY 2016 (Unaudited)	YoY
NET SALES	125,008	112,612	11%
Cost of Sales	85,693	76,404	12%
GROSS PROFIT	39,314	36,208	9%
Operating Expense	(24,362)	(20,448)	19%
OPERATING INCOME	14,952	15,760	-5%
Equity in net income of JVs	(281)	(167)	
Finance cost - net	(1,202)	(745)	
Other Revenues/ expenses	186	96	
CORE EARNINGS	13,656	14,944	-10%
Market valuation gain/ (loss)	71	107	
Foreign exchange gain/ (loss) - net	154	1,309	
Impairment Loss	(21)	(186)	
Others	91	125	
INCOME BEFORE INCOME TAX	13,950	16,299	-14%
Provision for Income Tax	2,797	3,216	
NET INCOME	11,153	13,083	-15%
Net income attributable to holders of the parent	10,888	12,872	
EBITDA	21,056	21,405	-2%

- Net finance cost increased vs. SPLY due to higher level of financial debt from the loan used for SBA's acquisition
- Market valuation gain on financial instruments at fair value was down as LY included a gain on derivative assets. TY's financial instruments only consist of investment in equity securities
- Net forex gain declined as a result of lower PHP devaluation vs USD. Also generated realized forex gain last year from the prepayment of loan in Feb 2016

Divisional Financials

(Php Millions)	SALES			EBIT			EBIT MARGIN		
	CY 2017	CY 2016	YoY	CY 2017	CY 2016	YoY	CY 2017	CY 2016	YoY
Branded Consumer Foods	103,096	93,231	11%	12,128	13,155	-8%	11.8%	14.1%	(235)
Total Philippines	60,226	60,283	0%	8,974	10,558	-15%	14.9%	17.5%	(261)
Philippines	58,950	59,188	0%	8,927	10,493	-15%	15.1%	17.7%	(259)
Packaging	1,276	1,095	16%	48	65	-26%	3.7%	5.9%	(216)
International	42,870	32,948	30%	3,154	2,598	21%	7.4%	7.9%	(53)
Non-Branded Consumer Foods	21,912	19,381	13%	4,697	4,290	9%	21.4%	22.1%	(70)
CFG (net)	11,801	10,180	16%	2,917	3,357	-13%	24.7%	33.0%	(826)
Flour	3,763	3,911	-4%	1,039	1,207	-14%	27.6%	30.9%	(326)
SURE	8,038	6,269	28%	1,877	2,149	-13%	23.4%	34.3%	(1,093)
AIG (net)	10,111	9,201	10%	1,780	934	91%	17.6%	10.1%	746
Feeds	5,348	5,111	5%	933	881	6%	17.5%	17.2%	22
Farms	4,763	4,090	16%	847	53	1498%	17.8%	1.3%	1,649
Corporate Expense				(1,873)	(1,686)	11%			
Total URC	125,008	112,612	11%	14,952	15,760	-5%	12.0%	14.0%	(203)

Value Market Shares

Philippines

CATEGORY	MARKET SHARE	#1	#2	#3
Snacks	35.3%	URC	22.8%	5.5%
Candies	26.9%	URC	11.5%	11.5%
Chocolates	24.8%	URC	10.6%	8.9%
Biscuits	16.7%	30.5%	25.8%	URC
Cup Noodles	50.8%	URC	40.4%	
RTD Tea	84.5%	URC	0.3%	
Coffee	26.3%	37.9%	31.8%	URC
Instant Coffee	26.4%	69.6%	URC	2.0%
Coffee Mixes	26.3%	38.0%	31.7%	URC

Thailand

CATEGORY	MARKET SHARE	#1	#2	#3
Biscuits	26.0%	URC	11.4%	7.8%
Wafers	27.5%	URC	13.1%	10.8%

Vietnam

CATEGORY	MARKET SHARE	#1	#2	#3
RTD Tea	14.8%	52.9%	15.6%	URC
Energy Drink	3.1%	44.3%	22.1%	20.7%

New Zealand

CATEGORY	MARKET SHARE	#1	#2	#3
Sweet Biscuits	43.3%	URC	20.8%	11.9%
Crackers	20.4%	31.1%	URC	13.3%

Australia

CATEGORY	MARKET SHARE	#1	#2	#3
Salty Snacks	25.4%	54.8%	URC	4.7%

AC Nielsen, Value, MAT: Snacks, Candies, Chocolates, Biscuits, Cup Noodles, RTD Tea and Coffee- Dec 2017

URC Thailand: Biscuits and Wafers- MAT Jan 2018, URC Vietnam: RTD Tea- MAT Dec 2017; Energy Drink- MAT Nov 2017

New Zealand: Sweet Biscuits and Crackers- IRI MarketEdge NZ Grocery MAT 21 January 2018; Australia: Aztec Scan AUS Grocery MAT to Jan 21, 2018