



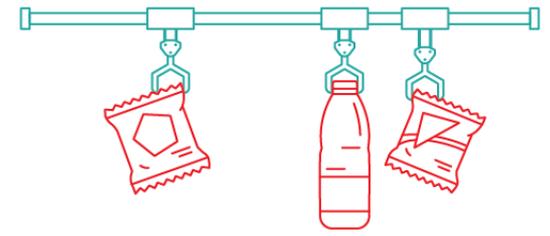
# 9M CY2018 Unaudited Results Investor Briefing

October 25, 2018

**Irwin C. Lee**  
President and CEO

**Mike P. Liwanag**  
Senior Vice President

# AGENDA

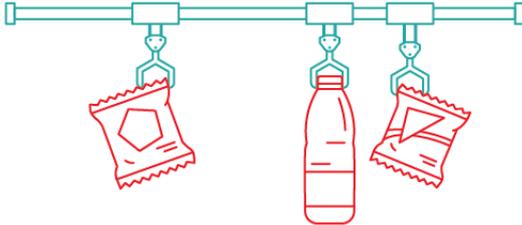


1 9M CY2018 Unaudited Financial Results

2 Expectations & Updates



# URC: Q3 has mixed results on topline but good improvement on profits



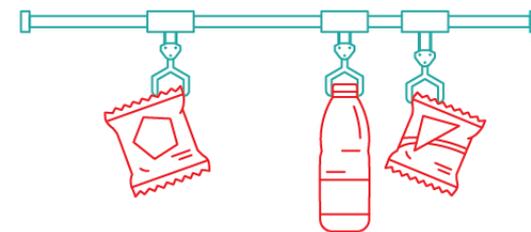
	Q1	Q2	Q3	9M
Sales	↑ 2% 31.2	↑ 10% 33.2	↓ 1% 31.2	↑ 3% 95.5
EBIT	↓ 14% 3.5	↓ 7% 3.3	↑ 5% 3.3	↓ 6% 10.1
EBIT Margin	11.1% -205bps	10.0% -187bps	10.6% +61bps	10.6% -110bps

In billion pesos

- Topline saw continued improvements in Philippines & Vietnam offset by weakness in New Zealand and shift in timing on sugar sales.
- Profit and margins improved quarter-on-quarter driven by the impact of the selling price increase in BCF Philippines, recovery in Vietnam, and better cost management.
- Q3 5% profit growth improving year-to-date trend from a -11% in 1H.



# BCF-PH: Posted better results in Q3



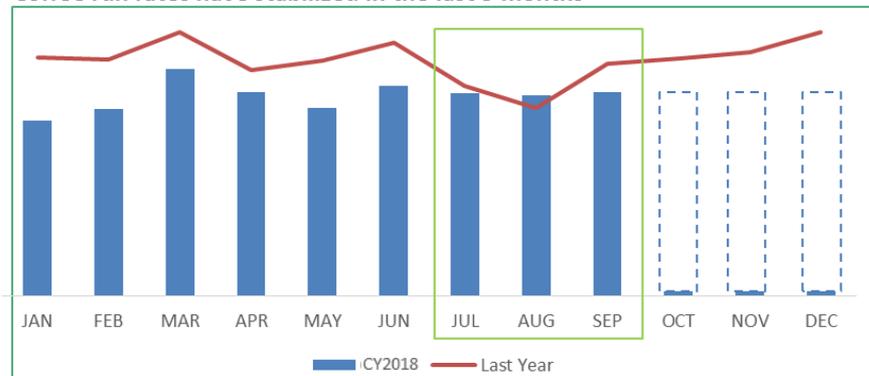
	Q1	Q2	Q3	9M
Sales	↓ 5%	↑ 1%	↑ 2%	↓ 1%
	14.3	14.4	14.7	43.4
EBIT	↓ 23%	↓ 26%	↓ 10%	↓ 20%
	1.9	1.7	1.9	5.4
EBIT Margin	13.4%	11.5%	12.6%	12.5%
	-318bps	-414bps	-171bps	-303bps

- Sales from snackfoods and noodles continue to grow in Q3 while total beverages still exhibited a decline.
- Profits and margins recovered due to better comparable and the price increase in May/June though this has slightly tempered sales volumes.
- Completed JV restructuring for Calbee & Conagra.

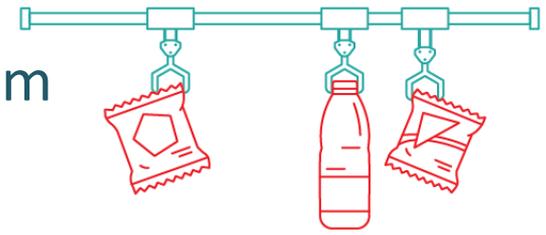
## Sales growth per category

	Q1	Q2	Q3	9M
SNACKFOODS 	-3%	+9%	+4%	+3%
COFFEE 	-21%	-16%	-6%	-15%
RTD TEA 	+18%	+5%	-4%	+6%
NOODLES 	+6%	+13%	+16%	+12%

Coffee run rates have stabilized in the last 3 months



# INTERNATIONAL: Q3 sales slightly down as Vietnam recovery offset by slower fix of New Zealand.



	Q1	Q2	Q3	9M
Sales	↑ 10% 10.8	↑ 7% 10.9	↓ 2% 11.1	↑ 5% 32.7
EBIT	↑ 73% 0.9	↑ 50% 0.8	↓ 3% 0.8	↑ 33% 2.6
EBIT Margin	8.6% +316bps	7.4% +212bps	7.5% -9bps	7.8% +166bps

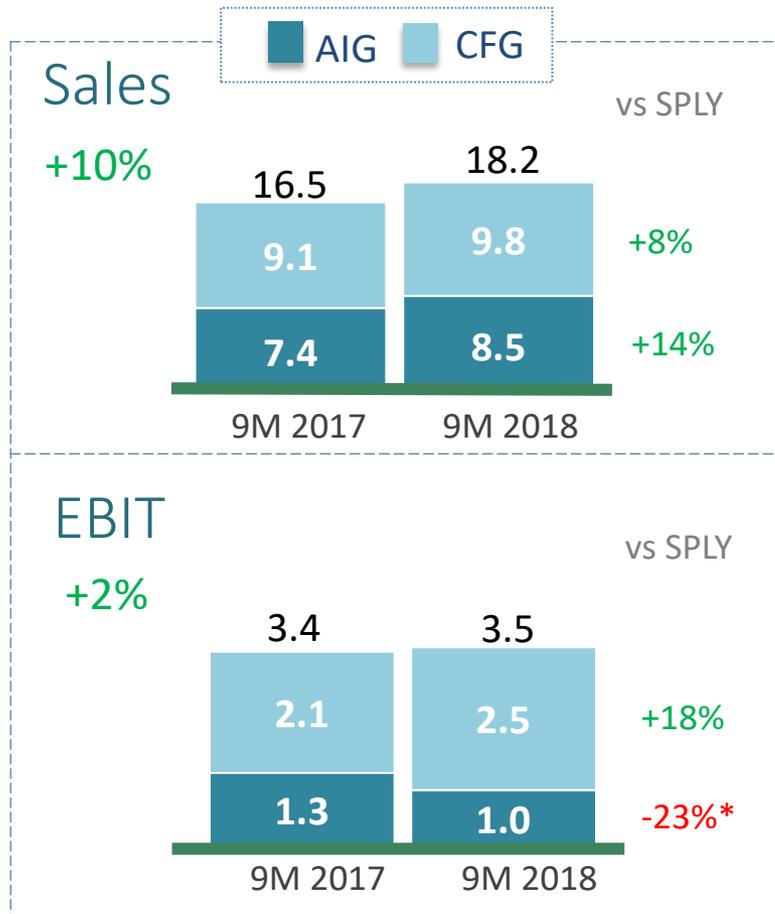
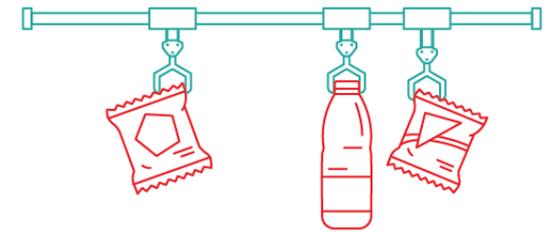
In billion pesos

	Q1	Q2	Q3	9M
Vietnam	+28%	+24%	+20%	+24%
Thailand	-4%	-9%	-13%	-9%
Australia	+7%	+2%	+3%	+4%
New Zealand	-18%	-10%	-14%	-14%

In Local Currency

- Vietnam and Australia continue to drive overall growth for international.
- Thailand sales remain weaker than expected due to lower export sales & Cambodia distribution restructuring: despite this, profits were up in Q3.
- New Zealand taking longer to recover from lost sales due to issue on pricing and ranging in key accounts.

# AIC: Topline driven by higher volumes in Flour and Feeds plus higher selling prices of hogs.



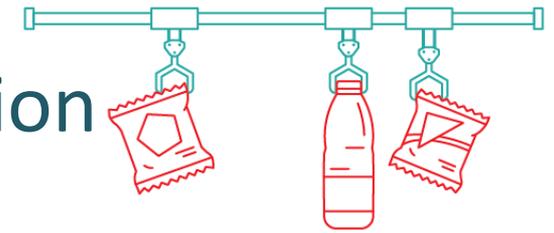
## COMMODITIES

- Topline was mainly driven by higher volumes in Flour
- EBIT growth was also driven by higher selling prices of Sugar

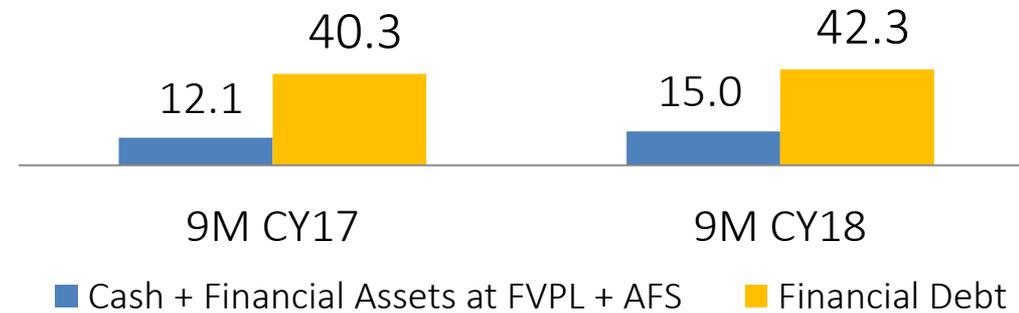
## AGRO-INDUSTRIAL

- Sales grew as a result of higher volumes in feeds and better average selling prices for hogs.
- Decline in EBIT as a result of higher cost of input materials in feeds and lower volumes from hogs

# Strong Balance Sheet and Cash Position

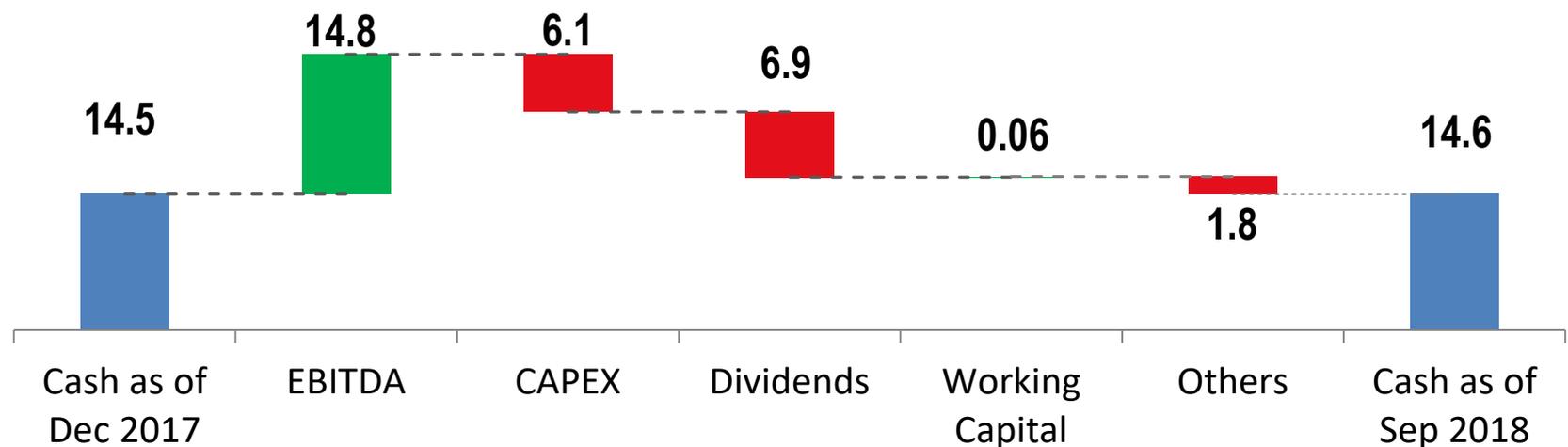


## Cash and Financial Debt



- Net debt of Php 27.3B due to remaining long term debt in Oceania
- Gearing ratio of 0.51
- Major cash disbursements for CAPEX and Dividends payment

## Cash Position



# BUILDING THE PATH TO SUSTAINABLE GROWTH

## 1.) INCREASING MACRO ECONOMIC AND EXTERNAL PRESSURES

- Inflation and forex devaluation
- Tighter regulatory environment
- Tougher competitive dynamics
- Increasing input and operating cost
- Weakening of consumer demand

## 2.) TRANSFORMATION PROGRAMS: GETTING INTO GEAR

We have started and kicked-off major projects/programs which will have a medium to long term impact on the way we operate

### Partner of Choice

- ✓ Route-to-market (RTM) enhancements to improve numeric distribution



### People & Planet Friendly Culture

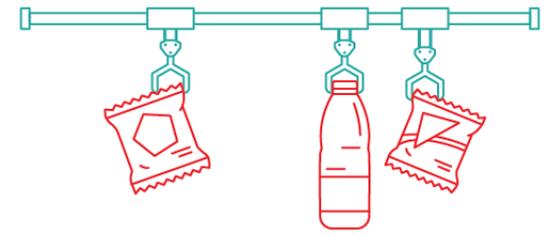
- ✓ Sustainability initiatives development
  - Baseline on the way

### Product Supply Chain Transformation

- ✓ Lean Manufacturing Excellence Pilot Program
- ✓ Supply Network Study and Redesign

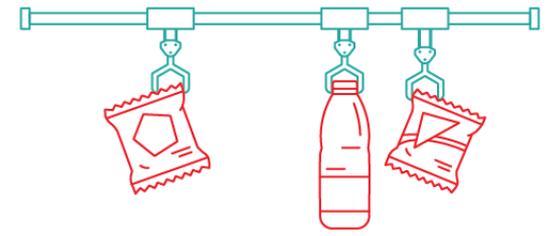
## 3.) BUILDING ROBST PLANS FOR 2019 AND BEYOND

- ✓ Maintain current topline momentum and preserve margins
- ✓ Make deliberate and the right choices for the long term success of the business
- ✓ Currently undergoing detailed planning & budgeting to quantify the impact of the above initiatives



THANK YOU

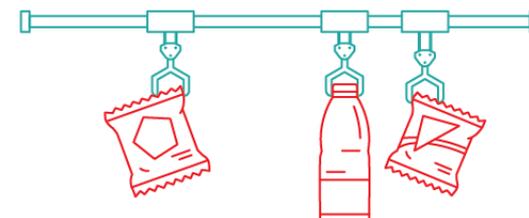




# APPENDIX



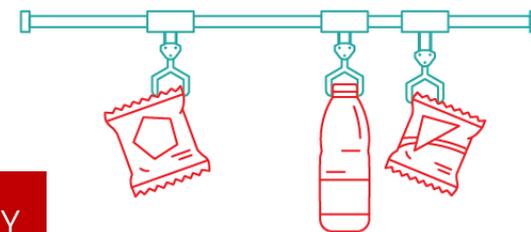
# Balance Sheet



(Php Millions)	As of Sep 2018 (Unaudited)	As of Dec 2017 (Audited)
Cash & cash equivalents (including Financial assets at FVPL and AFS investments)	14,994	14,999
Other current assets	41,092	38,750
Property, plant, and equipment	51,098	48,254
Other noncurrent assets	45,541	45,638
<b>TOTAL ASSETS</b>	<b>152,725</b>	<b>147,641</b>
Current liabilities	31,683	28,000
Noncurrent liabilities	38,450	37,955
<b>TOTAL LIABILITIES</b>	<b>70,133</b>	<b>65,955</b>
Retained earnings	63,103	63,244
Other equity	19,489	18,442
<b>TOTAL EQUITY</b>	<b>82,592</b>	<b>81,686</b>



# Income Statement

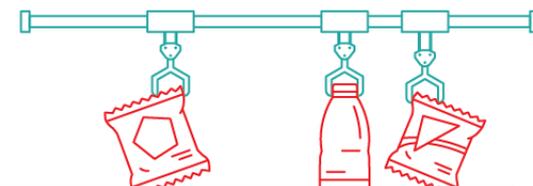


(Php Millions)	9M 2018 (Unaudited)	9M 2017 (Unaudited)	YoY
NET SALES	95,525	92,415	3%
Cost of Sales	66,555	64,126	4%
GROSS PROFIT	28,970	28,289	2%
Operating Expense	(18,888)	(17,522)	8%
OPERATING INCOME	10,082	10,768	-6%
Equity in net income of JVs	(91)	(207)	
Finance cost - net	(931)	(914)	
Other income/ (expenses)- net	(4)	89	
CORE EARNINGS	9,055	9,735	-7%
Market valuation gain/ (loss)	(71)	66	
Foreign exchange gain/ (loss) - net	(244)	768	
Impairment losses	(37)	(8)	
INCOME BEFORE INCOME TAX	8,704	10,562	-18%
Provision for Income Tax	1,727	2,154	
NET INCOME	6,977	8,408	-17%
Net income attributable to holders of the parent	6,802	8,211	
EBITDA	14,792	15,400	-4%

- Core earnings driven by lower operating income
- Decline in net income was attributable to lower operating income and a FOREX loss due to peso devaluation versus same period last year



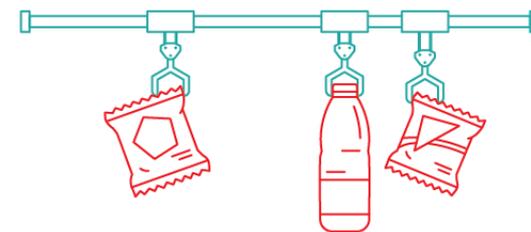
# Divisional Financials



(Php Millions)	SALES			EBIT			EBIT MARGIN		
	9M 2018	9M 2017	YoY	9M 2018	9M 2017	YoY	9M 2018	9M 2017	YoY
<b>Branded Consumer Foods</b>	<b>77,309</b>	<b>75,914</b>	<b>2%</b>	<b>8,006</b>	<b>8,723</b>	<b>-8%</b>	<b>10.4%</b>	<b>11.5%</b>	<b>(114)</b>
Total Philippines	44,581	44,684	0%	5,448	6,802	-20%	12.2%	15.2%	(300)
Philippines	43,437	43,691	-1%	5,427	6,781	-20%	12.5%	15.5%	(303)
Packaging	1,143	992	15%	21	21	1%	1.8%	2.1%	(26)
International	32,728	31,230	5%	2,558	1,921	33%	7.8%	6.2%	166
<b>Agro-industrial and Commodity</b>	<b>18,217</b>	<b>16,501</b>	<b>10%</b>	<b>3,457</b>	<b>3,456</b>	<b>0%</b>	<b>19.0%</b>	<b>20.9%</b>	<b>(197)</b>
CFG (net)	9,756	9,065	8%	2,474	2,099	18%	25.4%	23.2%	220
Flour	3,029	2,680	13%	668	770	-13%	22.1%	28.7%	(667)
SURE	6,728	6,385	5%	1,806	1,329	36%	26.8%	20.8%	603
AIG (net)	8,460	7,436	14%	982	1,357	-28%	11.6%	18.2%	(664)
Feeds	4,823	3,964	22%	586	727	-19%	12.2%	18.3%	(619)
Farms	3,637	3,472	5%	396	630	-37%	10.9%	18.1%	(725)
<b>Corporate Expense</b>				<b>(1,380)</b>	<b>(1,412)</b>	<b>-2%</b>			
<b>Total URC</b>	<b>95,525</b>	<b>92,415</b>	<b>3%</b>	<b>10,082</b>	<b>10,768</b>	<b>-6%</b>	<b>10.6%</b>	<b>11.7%</b>	<b>(110)</b>



# Value Market Shares



## Philippines

CATEGORY	MARKET SHARE	#1	#2	#3
Snacks	34.5%	URC	22.9%	5.6%
Candies	26.7%	URC	12.1%	10.8%
Chocolates	23.7%	URC	11.8%	9.3%
Biscuits	16.7%	25.9%	18.9%	URC
Cup Noodles	50.0%	URC	40.8%	4.8%
RTD Tea	84.7%	URC	2.6	2.5
Coffee	24.3%	37.0%	34.4%	URC
Instant Coffee	25.9%	70.8%	URC	1.7%
Coffee Mixes	24.0%	41.1%	30.5%	URC

## Thailand

CATEGORY	MARKET SHARE	#1	#2	#3
Biscuits	28.8%	URC	12.9%	7.6%
Wafers	25.7%	URC	13.2%	10.7%

## Vietnam

CATEGORY	MARKET SHARE	#1	#2	#3
RTD Tea	15.0%	52.1%	15.8%	URC
Energy Drink	2.4%	44.9%	25.5%	17.3%

## New Zealand

CATEGORY	MARKET SHARE	#1	#2	#3
Sweet Biscuits	42.4%	URC	19.6%	13.2%
Crackers	19.5%	30.8%	URC	13.1%

## Australia

CATEGORY	MARKET SHARE	#1	#2	#3
Salty Snacks	24.7%	54.5%	URC	4.8%

AC Nielsen, Value, MAT: Snacks, Candies, Chocolates, Biscuits, RTD Tea and Coffee as of August 2018 and Cup Noodles as of September 2018

URC Thailand: Biscuits and Wafers, Sep 2018, URC Vietnam: RTD Tea, Energy Drink - Sep 2018

New Zealand: Sweet Biscuits and Crackers-IRI MarketEdge NZ Grocery MAT 16 Sep 2018; Australia: Aztec Scan AUS Grocery MAT to 30/9/18