

URC HOLDS GROUND IN THE FACE OF COVID19 DISRUPTIONS

Universal Robina Corporation (URC) was able to maintain 2020 first quarter sales and operating income at par with year ago. A strong start in January and February helped cushion against the operational disruptions caused by the sudden Enhanced Community Quarantine (ECQ) implemented in the Philippines in mid-March, on top of the continuing covid19 impact in other countries where URC operates.

For the three months ended March 31, 2020, Net Sales came in at Php 33.5 billion and Operating Income (including hogs market valuation) came in at Php 4.0 billion, both up slightly by +0.4% versus same period last year. Operating margin was maintained at 11.9%. Net income for the quarter amounted to Php 2.1 billion, a decrease of -32% versus the same period last year, due mainly to non-operating foreign exchange losses on balance sheet items. URC's financial position remains strong with over Php 20 billion of cash balance, and gearing ratio remaining low at 0.42x. Net debt also improved amounting to Php 17.0 billion, a reduction of Php 5 billion versus year ago.

SALES PERFORMANCE PER BUSINESS

Branded Consumer Foods (BCF): Sales of domestic and international branded consumer foods contributed Php 25.7 billion. Domestic revenues increased by 3% while operating income grew faster by 17% versus last year as sales from Snack Foods and Noodles drove growth for the quarter. International revenues declined by 2% on a constant currency basis and by 8% in peso terms to Php 9.7 billion, while operating income declined by 26%, as a result of weakness in Indochina and the negative impact of foreign exchange devaluations in international currencies.

Agro-Industrial & Commodities (AIC): The Agro-Industrial & Commodities businesses continue to be a relevant and consistent contributor to total URC. Sales for the quarter amounted to Php 7.8 billion, a 9% increase versus last year while operating income declined by 4%. The Commodities Foods Group revenue grew strongly by 23%, with Sugar & Renewables (SURE) growing 29% versus last year and Flour growing 5% versus the same period last year. These were offset by Agro-Industrial Group's sales decline of 9%, due to the previously announced restructuring and lower selling prices in hogs.

SETTING OUR RECOVERY IN PLACE

Irwin Lee, URC President and CEO, said, *“We started 2020 well, continuing our strong results in 2019 with good sales and profit growth in many of our divisions and geographies. However, as we closed the first quarter in March, our growth momentum was impacted by COVID-19 related disruptions. We have made immediate steps to adjust to this crisis – protecting our employees’ safety and health, maintaining essential food and drinks supply to the public, and providing additional resources to communities and societies in need. We are also now evolving our operating model to adapt to the “new” normal. We are fortunate to be in the food industry and in a better situation than other companies amidst this crisis. With a strong balance sheet and healthy cash position, we can weather these short-term challenges and emerge even stronger.”*