



9M CY2021 Unaudited Results Investor Briefing

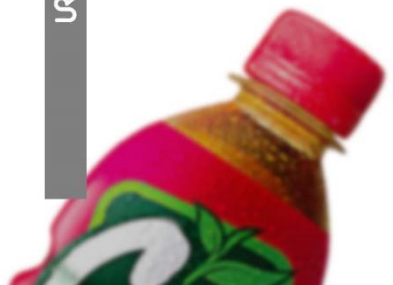
October 29, 2021

Irwin C. Lee
President and CEO

Mickey T. Manalang
Strategy & Investor Relations
Director

Agenda

1. COVID-19 Impact and Disruptions
2. 9M CY2021 Unaudited Financial Results
3. Business Updates



Surge in COVID-19 cases experienced in Q3

Asia Pacific

Philippines reports record virus cases as Delta variant spreads

Asia Pacific

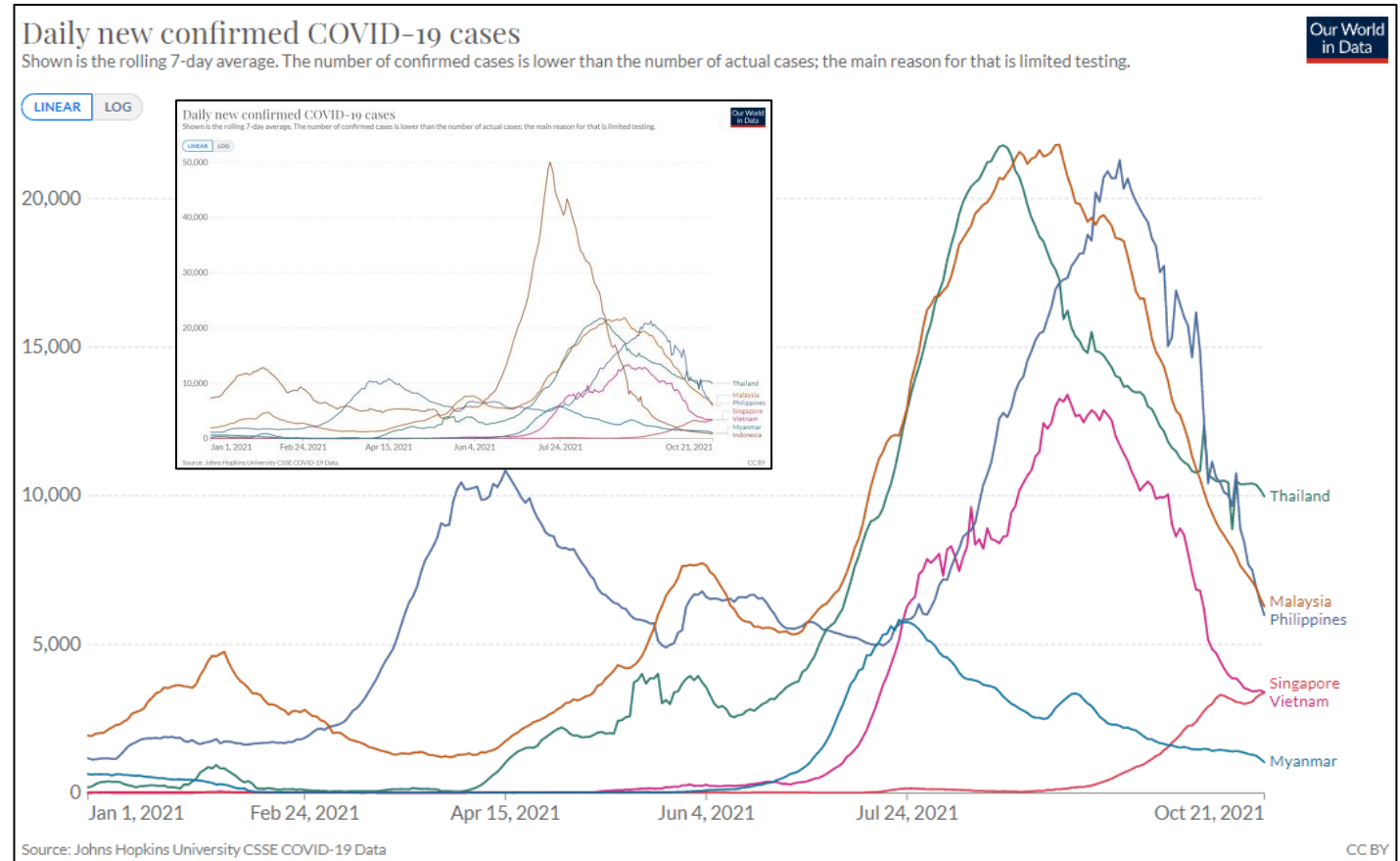
Thailand reports record 22,782 coronavirus cases



Vietnam to extend lockdown as COVID-19 cases soar

Asia Pacific

Malaysia reports 22,948 coronavirus cases, new daily high



Our World in Data

CC BY

Government restrictions affecting operations

Factories in Thailand, Vietnam and Malaysia were impacted by limited capacity and factory shutdowns in Q3 due to COVID restrictions

Economics

Trade Risks Worsen as Delta Descends on Southeast Asia Factories

By [Mai Ngoc Chau](#) and [Randy Thanthong-Knight](#)
July 30, 2021, 3:30 PM GMT+8

- ▶ Firms across southern Vietnam shut to meet labor virus curbs
- ▶ Thai manufacturers preparing contingency plans for outbreaks

Malaysia manufacturers reduce output as COVID-19 lockdown limits workforce capacity to 60%

The government will also allow companies under 12 manufacturing sectors to continue operating, such as food and drink manufacturing, medical devices, textiles for producing personal protection equipment as well as oil and gas. They will need to operate at 60 per cent capacity.

Vietnam's COVID-battered supply chains on shaky road to recovery

Factories reopen but labor exodus and lockdown risks keep suppliers on edge



Garment factory workers return to the job after COVID-related restrictions were lifted in Vietnam on Oct. 1. © Reuters

Supply chains were undone by one of the world's strictest lockdowns, which barred travel between certain provinces and required many plants to close unless staff slept on site. Ho Chi Minh City said some companies have continued the sleepovers, though the number of affected workers has fallen to 45,000.

Commodity prices and freight costs spike to new highs



Consumer goods companies walk a tightrope as inflation surges

Freight costs and raw material prices have surged this year across industries due to global supply chain disruptions, squeezing profit margins at companies looking to recover from the impact of the COVID-19 pandemic.

COVID-19 lockdowns in Asia deepen commodity supply-chain pain

Palm-oil plantations and coffee farms struggle with labor shortages and transportation curbs as cases surge

Prices for each of these commodities have risen to multiyear highs in recent months, adding costs that are being passed on to consumers.

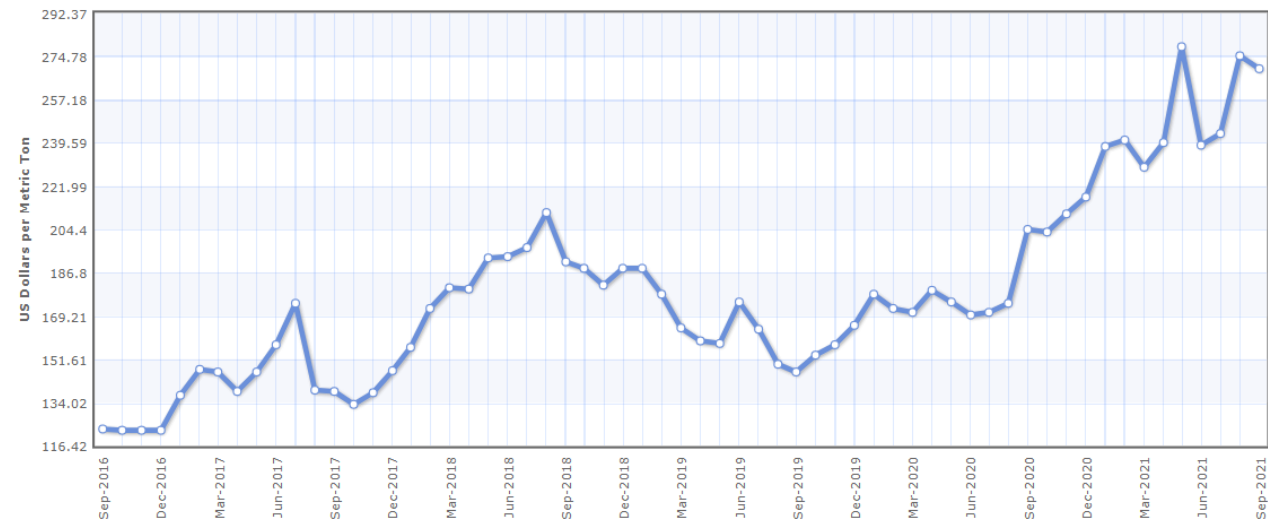
COMMODITIES

VEGOILS-Palm oil climbs 2% to record high of over 5,200 ringgit

Palm Oil – USD per metric ton



Wheat – USD per metric ton



How we are addressing disruptions and cost inflation

- Strengthened People Safety and Crewing Plans
- Increased Inventories Levels
- Diversifying Suppliers Base and Harmonizing Specs
- Expanding and Accelerating LEAN Savings Program
- Pricing/Mix
 - 2021 First Round Pricing of 2% for BCFG; additional in Q4 and early 2022
 - Sweetening Mix with Affordable Premium and Higher Price Points

Expanding and Accelerating Savings



2019 COMMITMENT

PHP 1B

Total savings in 3 years

- Lean program initiated with savings commitment of Php1B over 3 years
- Expected to exceed Php1B with incremental international contribution



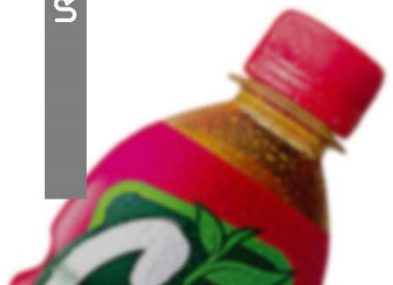
PHP 5B

New "Fuel For Growth" Program

- New 5-year roadmap to harvest Php5B savings
 - Lean Manufacturing
 - Procurement Efficiencies
 - Product Formulation
 - Supply Network Redesign
 - Productivity from Scale and Shared Services
- Enabled by Agile and Digital Transformation

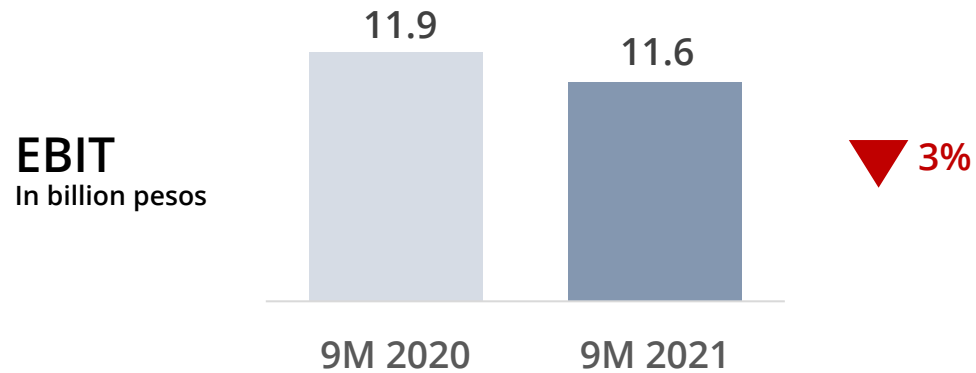
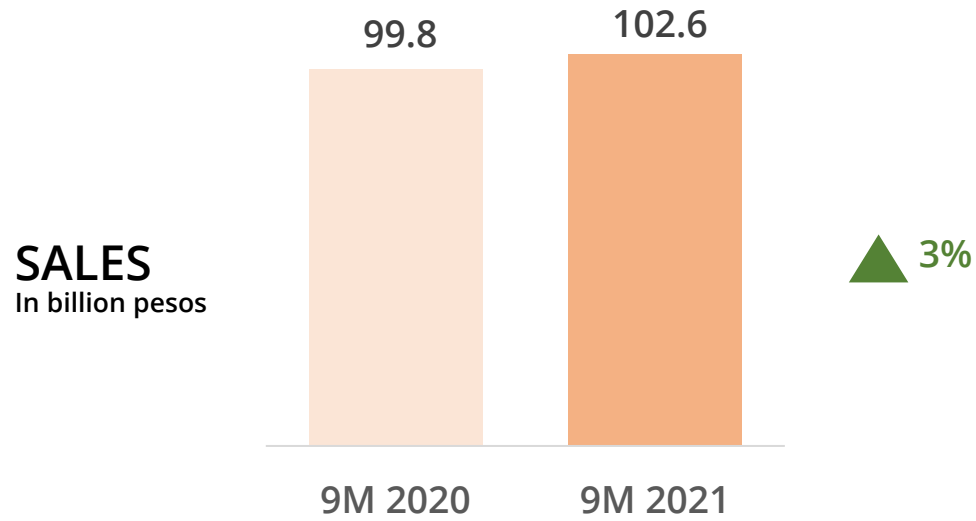
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URC

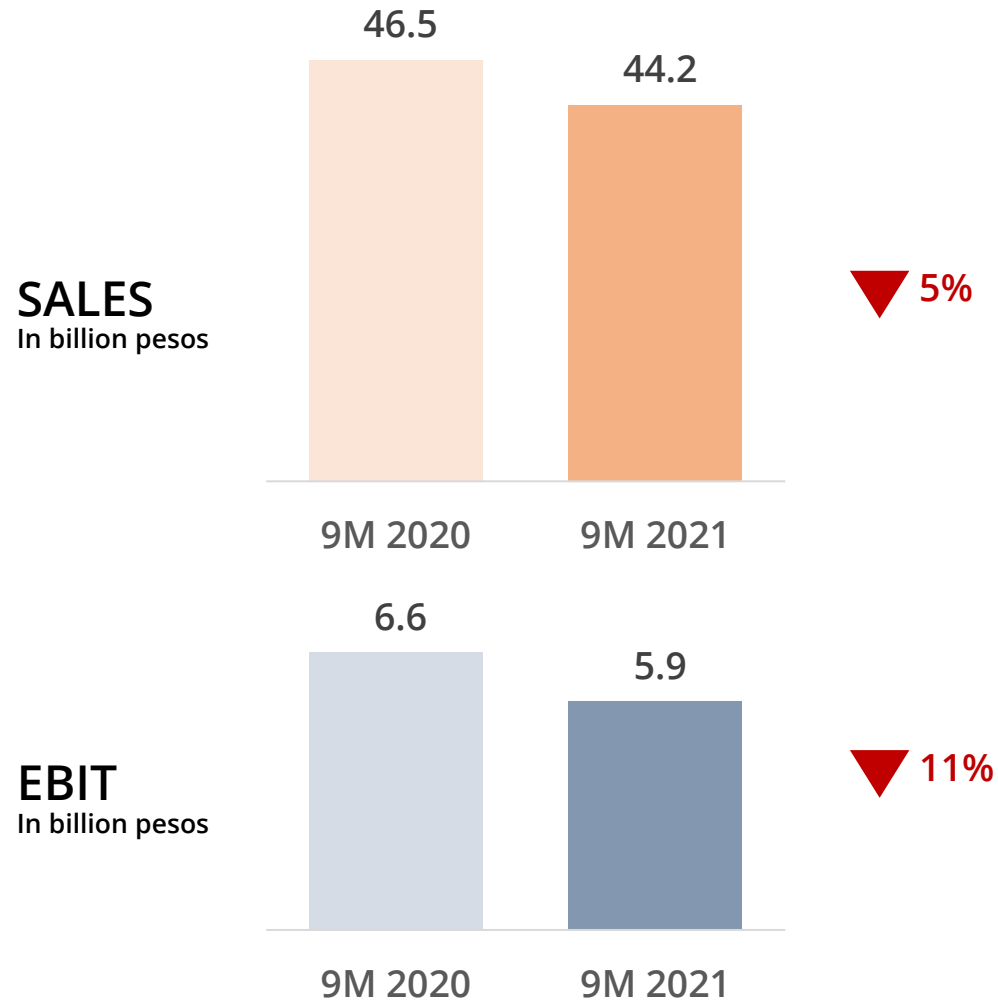
Revenue growth despite COVID constraints in key markets



- Growth driven by the Commodities and International divisions
- Philippines showed recovery in Q3 as market decline abates
- Net Income up 38% from gain on idle land sale and CREATE tax law impact
- Gross margins declined due to higher input costs and unfavorable mix
- Pricing initiatives and OPEX control helped reduce operating margin impact (-68 bps)

BCF PHILIPPINES

Topline ahead of market, but input cost pressures weigh on margins



- Expected decline vs. 2020 base (Taal eruption, COVID stock-up), but improvement vs 1H 2021
- 2021 market recovery delayed; consumer sentiment remains tepid
- Lower EBIT driven by higher input costs, partially offset by operating efficiency improvements and pricing moves
- Managed A&P and Selling expenses in line with volume

• Excluding packaging

BCF PHILIPPINES

URC maintaining share gains as markets slowly recover

CATEGORY	Market Growth Index	
	P12M	P8M
Snacks	97	104
Candies	88	102
Chocolates and Coated Wafers	93	100
Biscuits	89	95
Cup Noodles	93	99
Pouch Noodles	108	112
RTD Tea	84	101
Coffee	95	102

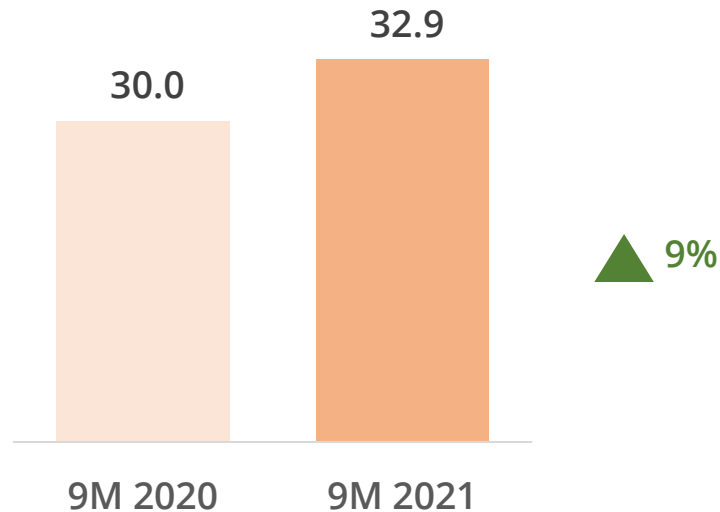
URC Market Share	
MAT Aug20	MAT Aug21
38.7%	38.9% ▲
26.6%	27.7% ▲
22.0%	24.6% ▲
16.3%	16.2%
49.5%	50.2% ▲
13.8%	13.8%
85.3%	88.7% ▲
22.7%	21.7%

Source: Nielsen

BCF INTERNATIONAL

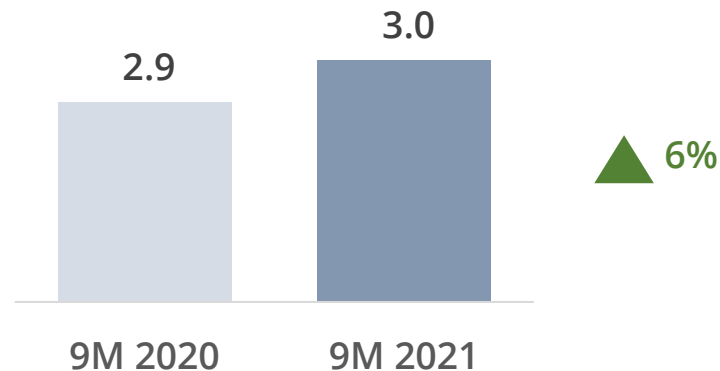
Growth momentum tapered, impacted by COVID surge in Q3

SALES In billion pesos



- Sales up on YTD basis, but most countries impacted by COVID lockdowns
- Indo-China and Indonesia leading growth despite COVID challenges

EBIT In billion pesos

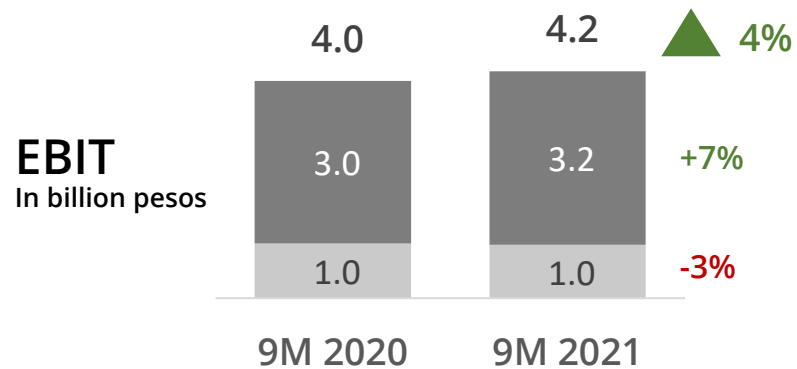
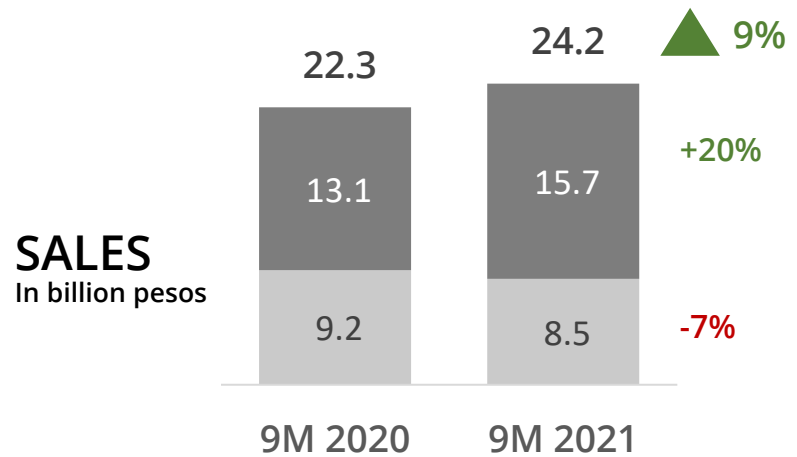


- EBIT growth driven by higher volumes and positive mix but tempered by cost increases
- Controlled A&P and SG&A expenses helped offset operating inefficiencies due to COVID surge

• includes Proper Crisps Sales

AIC

Commodities growth driven by new businesses

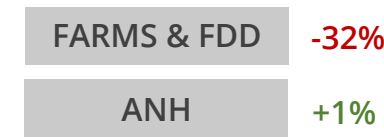


BUSINESS UNIT PERFORMANCE

Commodity Foods Group (CFG)



Agro-Industrial Group (AIG)



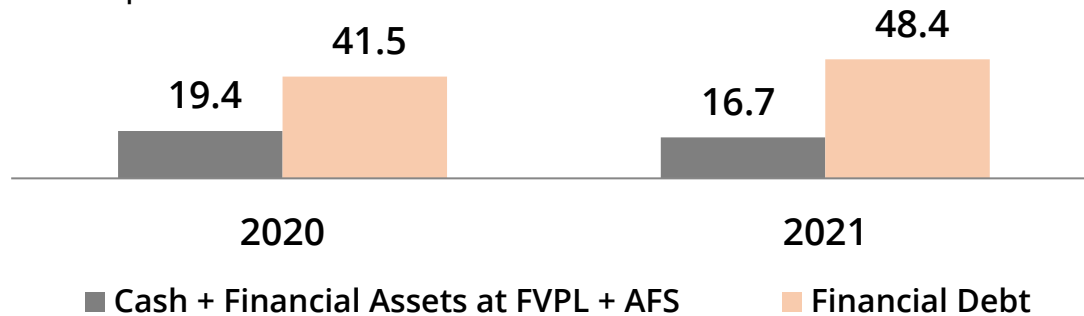
- Growth in Sugar as La Carlota and Roxol contribute to base business
- AIG down vs higher base as farms downsizing carried through mid 2020; Pet Food growth offsets lower volumes in Hog Feeds
- AIG margins continue to improve from post-restructuring operational improvements
- Commodities margins growth slower due to higher wheat prices; pricing action for Flour to mitigate cost increases

• Non-branded Consumer Foods Group is now called Agro-Industrial and Commodities (AIC)
 • Feeds is now called Animal Nutrition & Health (including Pet Food) | Farms is now called Robina Farms | FDD is Food, Drugs & Disinfectants

Balance Sheet and Cash Flow

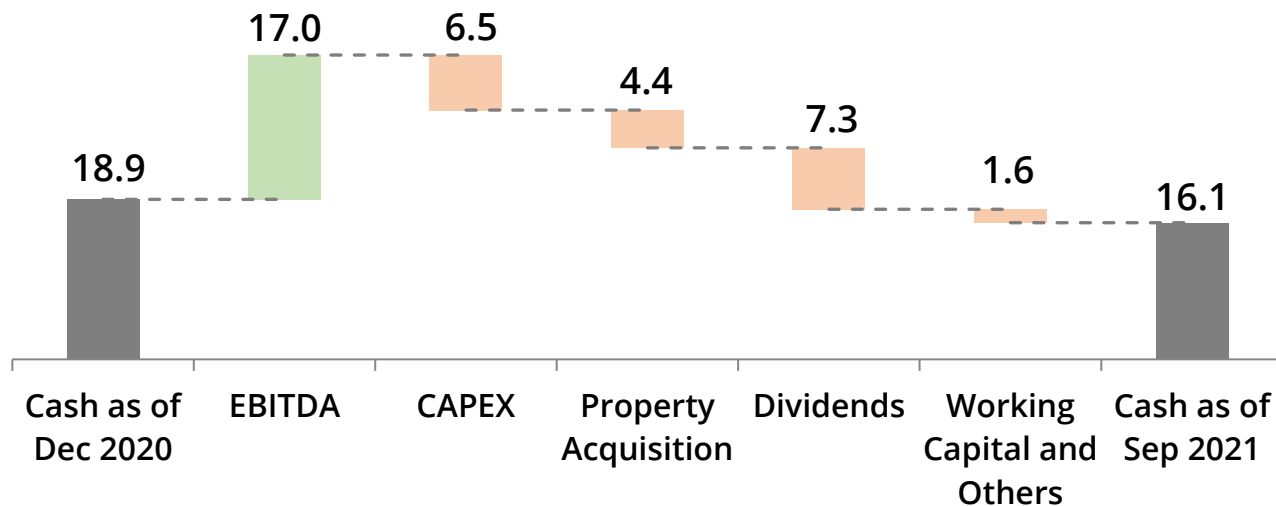
Cash and Financial Debt

In billion pesos



Cash Position

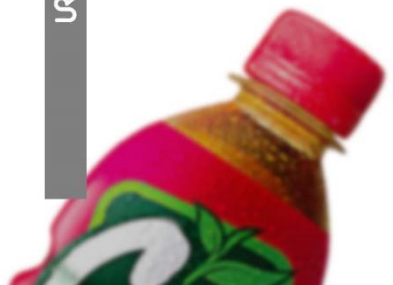
In billion pesos



- Cash balance at Php 16.7B
- Net Debt of Php 31.7B
- Gearing ratio of 0.47
- Major cash disbursement for CAPEX, long-term infrastructure investments and dividends
- The internal guidelines on share buyback program have been approved; expected to commence before the end of the year

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Sustainability Updates: Initial 2030 Commitments



Updated 2030 Sustainability Commitments



People & Communities

Make people's lives better



Climate Action

Move towards a low-carbon economy



Water

Improve water use efficiency & protect watersheds



Product

Improve choices in our product portfolio



Packaging

Reduce our packaging footprint



Sourcing

Promote responsible sourcing of key ingredients

Sustainability Updates

Water



- Water recirculation, rainwater collection
- Water Use Ratio targets ahead of schedule; revised up

Climate



- Phased refresh of plant infrastructure
- Pilot solar energy running in PH, TH, VN
- #1 power cogeneration facility among PH sugar mills

Product



- Reduction of sodium and added sugars (2 million kg/yr)
- Adding functional fortified product lines
- Replacement of artificial colors and partially hydrogenated oils (PHO)

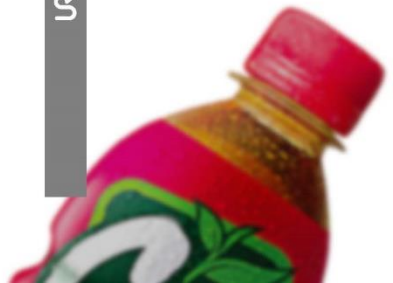
Packaging



- Packaging laminates for Snackfoods and Coffee decreased by 8% per kg YoY through reduction and optimization
- Increase in recycle-ready packaging and shifting to mono-materials



THANK YOU



Income Statement

(Php Millions)	9M 2021	9M 2020	YoY
	(Unaudited)		
NET SALES	102,557	99,773	3%
Cost of Sales	72,236	69,160	4%
GROSS PROFIT	30,321	30,613	-1%
Operating Expense	-18,770	-18,702	0%
OPERATING INCOME	11,551	11,911	-3%
Equity in net income of JVs	-90	-42	
Finance cost – net	-795	-836	
Market valuation gain/ (loss)	23	10	
Foreign exchange gain/ (loss) – net	24	-699	
Other revenues/expense	2,165	-719	
INCOME BEFORE INCOME TAX	12,878	9,624	34%
Provision for Income Tax	1,647	1,486	
NET INCOME	11,231	8,139	38%
Net income attributable to holders of the parent	10,524	7,498	
EBITDA	17,037	17,424	-2%

- Increase in net income attributed to higher other income from gain on sale of idle land, as well as impact of CREATE

*Full P&L include market revaluation gain/loss for Farms

Balance Sheet

(Php Millions)	9M 2021	CY 2020
	(Unaudited)	(Audited)
Cash & cash equivalents (including Financial assets at FVPL and FVOCI)	16,683	19,367
Other current assets	54,357	46,271
Property, plant, and equipment	63,726	58,990
Other noncurrent assets	52,803	51,567
TOTAL ASSETS	187,569	176,195
Current liabilities	60,437	53,668
Noncurrent liabilities	24,773	24,743
TOTAL LIABILITIES	85,210	78,411
Retained earnings	73,699	70,448
Other equity	28,660	27,336
TOTAL EQUITY	102,359	97,784

Divisional Financials

(Php Millions)	SALES			EBIT			EBIT MARGIN		
	9M 2021	9M 2020	YoY	9M 2021	9M 2020	YoY	9M 2021	9M 2020	bps
Branded Consumer Foods	78,311	77,432	1%	8,980	9,455	-5%	11.5%	12.2%	(74)
Total Philippines	45,422	47,396	-4%	5,946	6,601	-10%	13.1%	13.9%	(84)
Philippines	44,236	46,536	-5%	5,866	6,593	-11%	13.3%	14.2%	(91)
Packaging	1,185	860	38%	79	8	915%	6.7%	0.9%	579
International	32,889	30,036	9%	3,034	2,854	6%	9.2%	9.5%	(28)
Agro-industrial and Commodity	24,246	22,341	9%	4,178	4,000	4%	17.2%	17.9%	(67)
CFG (net)	15,709	13,119	20%	3,196	2,992	7%	20.3%	22.8%	(246)
Flour	3,706	3,581	3%	586	856	-32%	15.8%	23.9%	(810)
SURE	12,003	9,538	26%	2,610	2,136	22%	21.7%	22.4%	(65)
AIG (net)	8,537	9,222	-7%	982	1,008	-3%	11.5%	10.9%	57
Animal Nutrition and Health	6,884	6,802	1%	944	1,030	-8%	13.7%	15.1%	(143)
Farms & Food, Drugs, Disinfectants	1,652	2,420	-32%	38	-22	-274%	2.3%	-0.9%	318
Corporate Expense				-1,606	-1,544	4%			
Total URC	102,557	99,773	3%	11,551	11,911	-3%	11.3%	11.9%	(68)

*EBIT and margins include revaluation gains/loss of our biological assets for the Robina Farms Division

Market Shares

Philippines

CATEGORY	MARKET SHARE	#1	#2	#3
Snacks	38.9%	URC	23.2%	5.5%
Candies	27.7%	URC	12.5%	12.0%
Chocolates and Coated Wafers	24.6%	URC	13.0%	8.6%
Biscuits	16.2%	30.2%	26.1%	URC
Cup Noodles	50.2%	URC	38.8%	5.8%
RTD Tea	88.7%	URC	2.1%	1.6%
Coffee	21.7%	38.4%	34.6%	URC
Instant Coffee	21.5%	76.6%	URC	1.1%
Coffee Mixes	21.8%	43.4%	28.7%	URC

Thailand

CATEGORY	MARKET SHARE	#1	#2	#3
Biscuits (new)	18.4%	URC	13.1%	7.7%
Wafers	21.4%	URC	20.8%	10.1%

Vietnam

CATEGORY	MARKET SHARE	#1	#2	#3
RTD Tea	18.2%	45.5%	19.3%	URC

AC Nielsen, Value, MAT: Snacks, Candies, Chocolates and Coated Wafers, Biscuits, Cup Noodles, RTD Tea and Coffee as of Aug 2021

URC Thailand: Biscuits (new) includes market share reading for Pretzels and Chicken Leg which was excluded in disclosures from 2020 and earlier. Moving forward, we will use this new definition as we explore expanding growth possibilities for total Biscuits; Biscuits and Wafers – MAT Aug 2021, URC Vietnam: RTD Tea – MAT Aug 2021