

UR Universal Robina

1H CY2017 Unaudited Results

August 7, 2017

Lance Y. Gokongwei
President and CEO

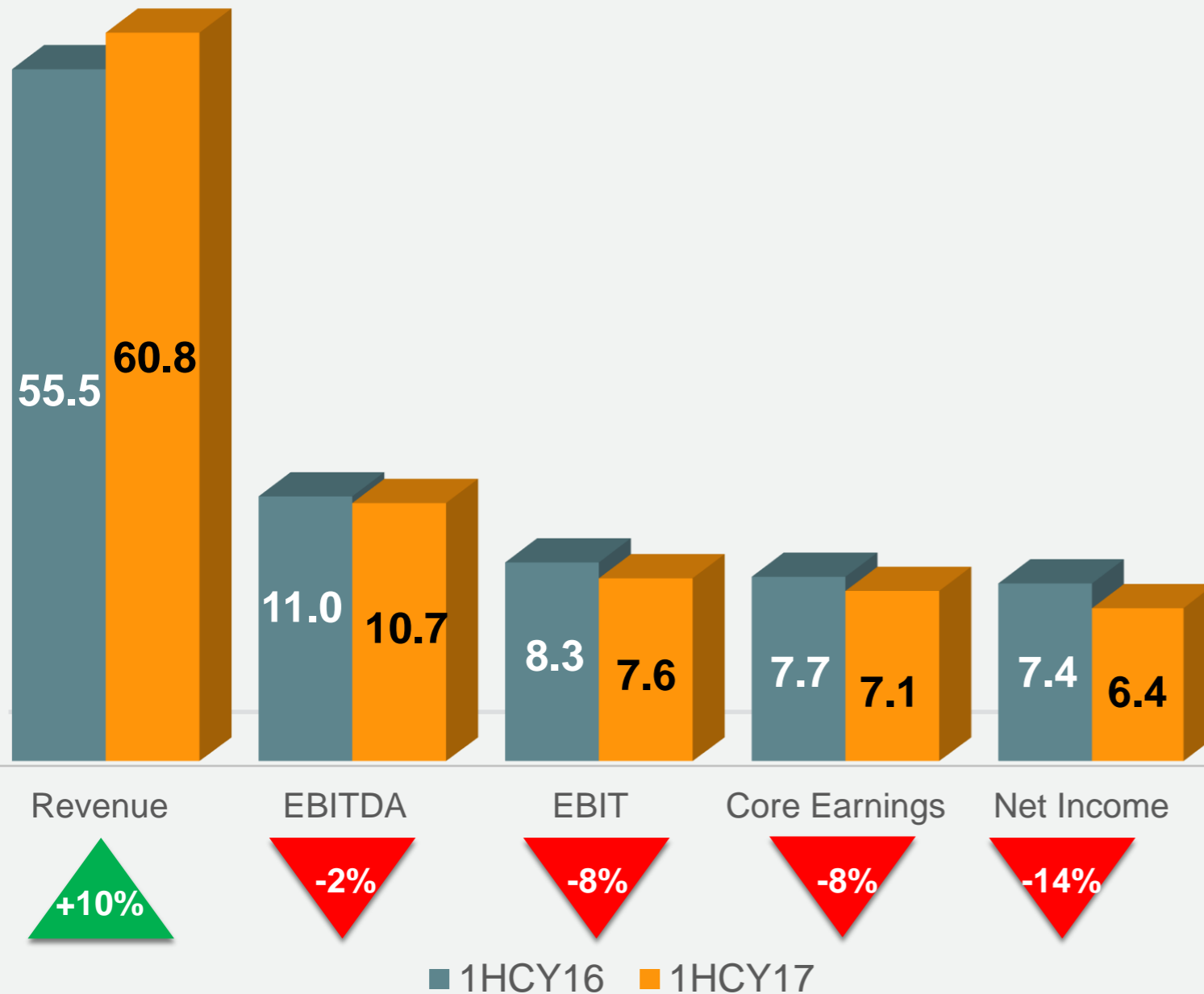
Michael P. Liwanag
Vice President



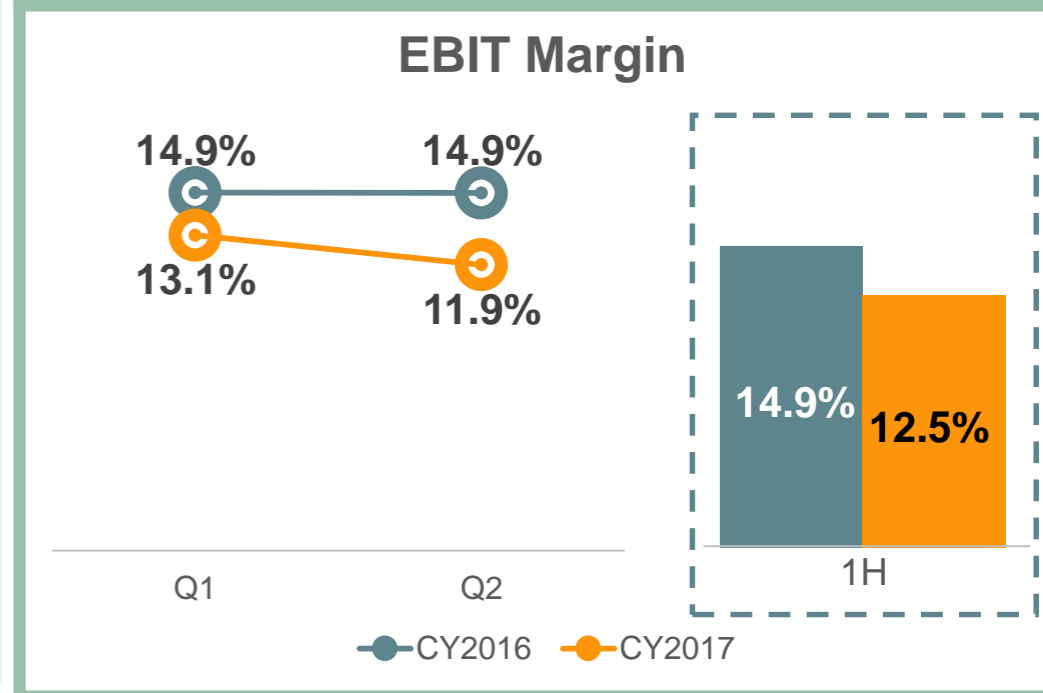
Agenda

- 1H CY2017 Financial Performance and Business Updates
- Balance of the Year Plans and Guidance
- Appendix

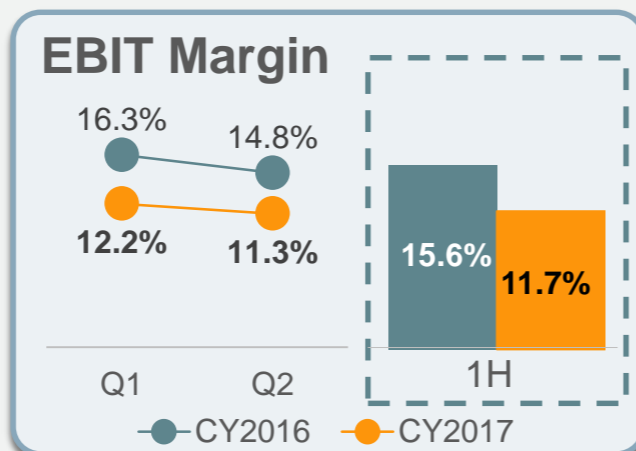
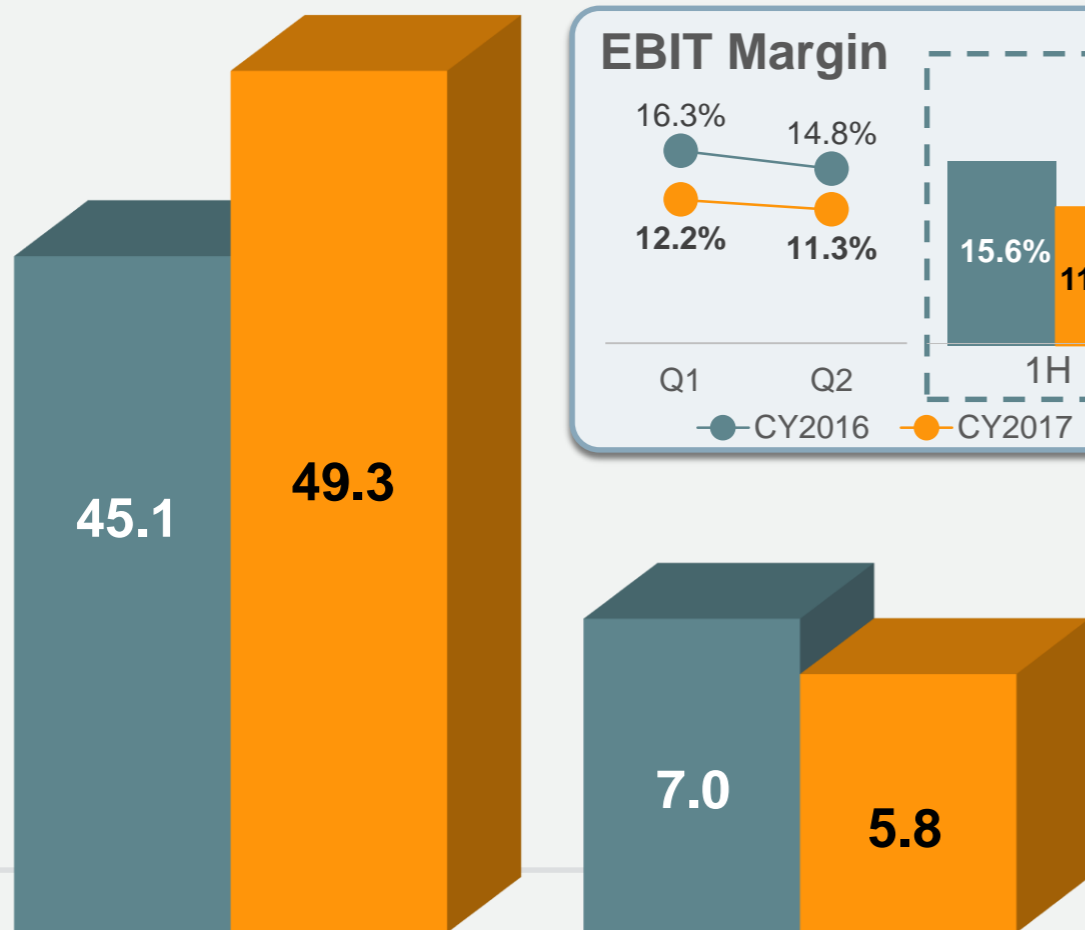
URC: Topline grew but profitability remains challenged



- Double-digit sales growth was driven by strong performances of Thailand, Farms and Sugar & Renewables; and additional sales of Snack Brands Australia (SBA)
- Challenges in BCF Philippines and Vietnam resulted to lower operating income
- Net Income declined due to higher net finance costs and lower forex gains



BCF: Lower beverage sales in the PH and higher investments to drive Vietnam recovery affected overall margins



Sales
+9%

EBIT
-18%

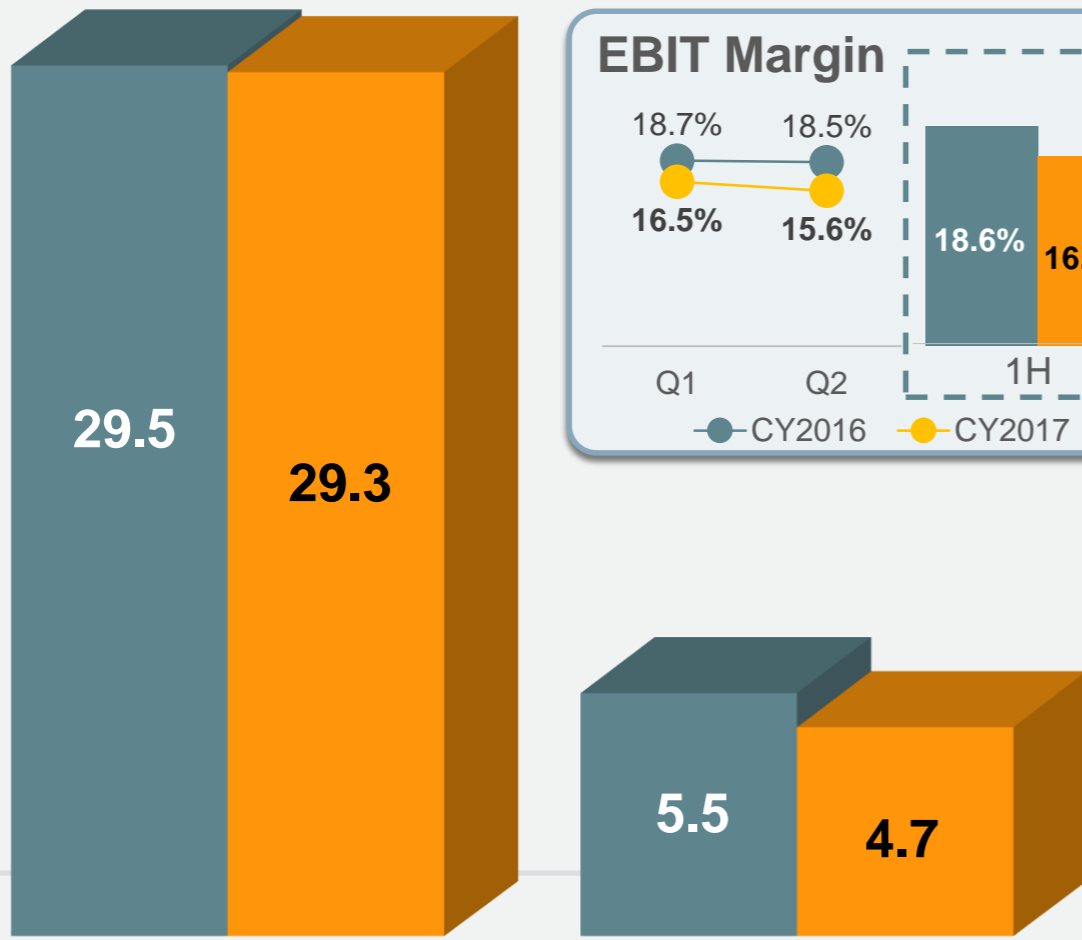
■ 1HCY16 ■ 1HCY17

- Sales increased as Thailand and the addition of SBA both offset the decline in the Philippines and Vietnam
- Total EBIT was down as a result of lower sales volume in the Philippines; unfavorable sales mix and higher A&P in Vietnam
- FMCG growth remains weak in the Philippines, Indonesia and Vietnam

New Product Launches



BCF PH: Topline was driven by strong performances of Snackfoods and Joint Ventures but setbacks in Beverages continue



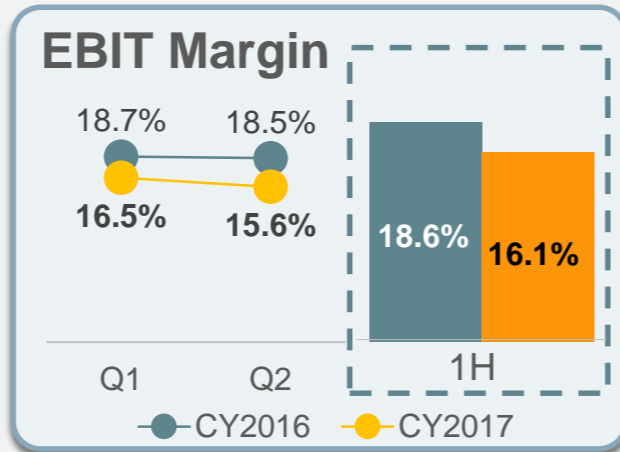
Sales

-1%

EBIT

-14%

■ 1HCY16 ■ 1HCY17



- Beverages declined due to the intense competition in coffee and high 1H comparables in RTD Tea (coming from the election period last year)
- Profitability was mainly affected by lower sales volumes and unfavorable product mix

Sales growth per key category (vs SPLY)

Snackfoods +9%

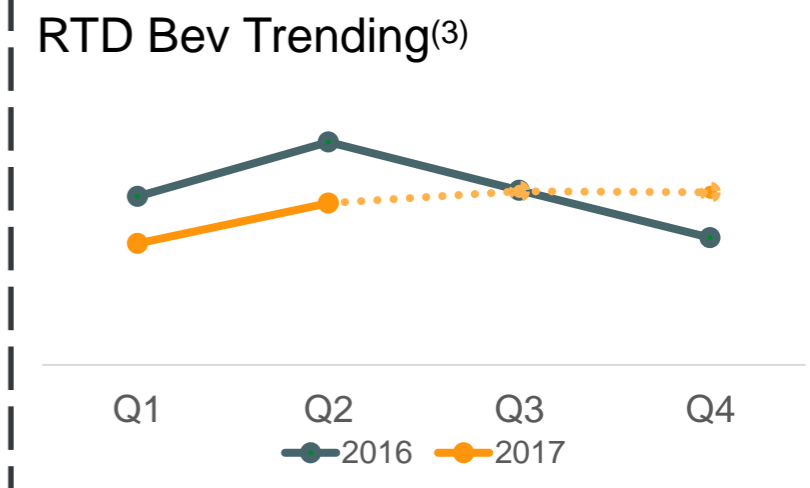
- Salty Snacks +9%
- Bakery +12%
- Confectionery +8%

JVs +22%

- Noodles +22%
- Others +24%

Beverages -15%

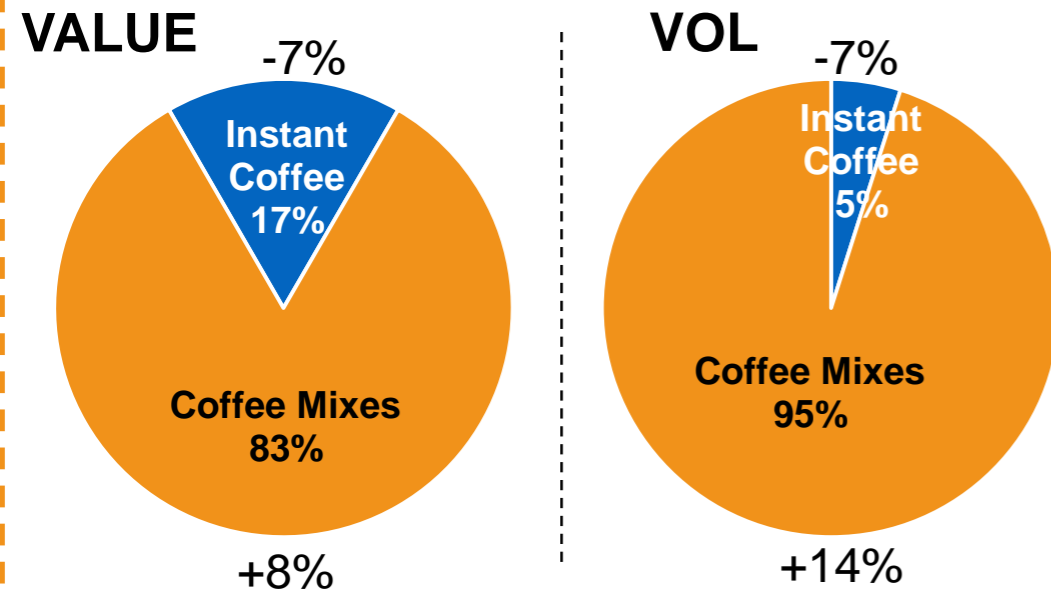
- Powdered Bev -13%
- RTD Bev -18%



BCF PH: Coffee Updates

Continuous push on innovation to counter intense competition

Total Coffee Market (+5% val, +13% vol)



Value Market Share Info (MAT)

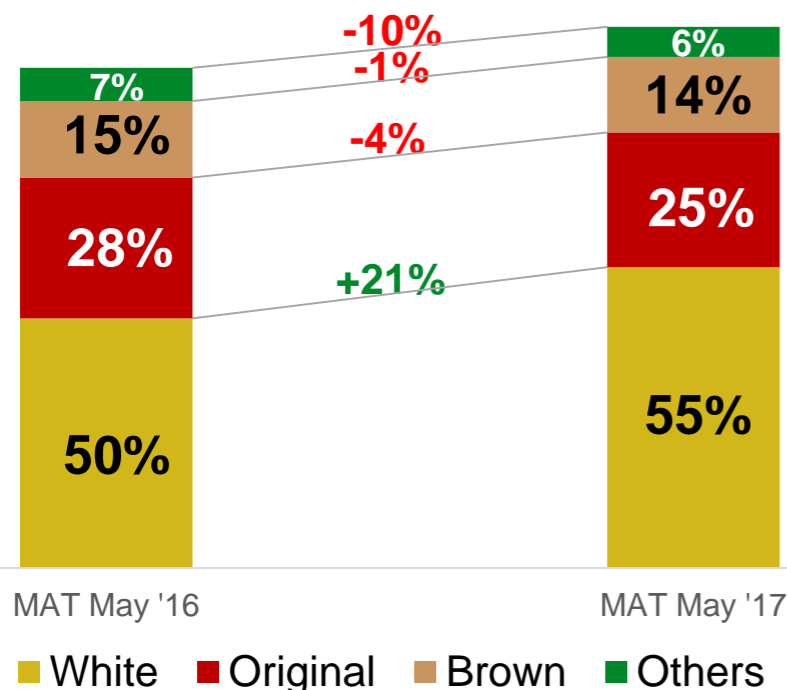
Total Coffee	TY	LY	bps
URC	28.7%	29.8%	-110
Company 1	40.6%	43.4%	-280
Company 2	26.9%	23.1%	+388

Coffee Mixes	TY	LY	bps
URC	29.1%	30.4%	-132
Company 1	34.8%	37.2%	-244
Company 2	32.3%	28.4%	+393

URC's NPD Gaining Traction

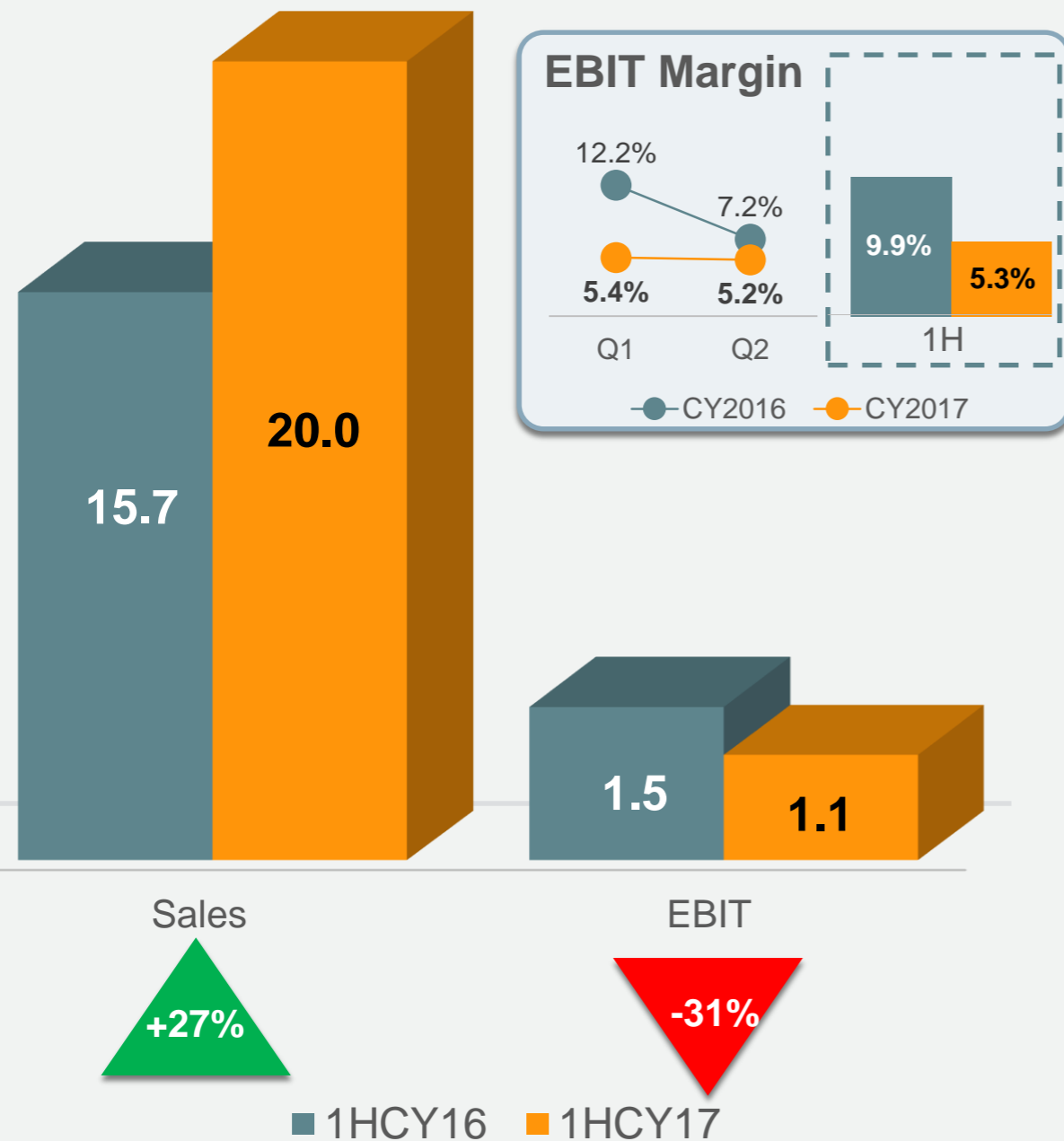


Coffee Mixes Split and Value Growth



- Coffee Mixes drove total category growth given the shift to twin packs and white format
- Intense competition is apparent with top three players competing for market shares. URC remains to be the dominant player in the White format
- URC continues to differentiate through innovation with its GTW Choco Twin and Double White

BCF INT'L: Sales were driven by Thailand and SBA while EBIT declined as Vietnam slowly recovers



- Sales grew as a result of Thailand's double-digit growth from snacks, wafers and confectionery, Malaysia's strong domestic performance and incremental sales from SBA. Indonesia declined due to the softening of the market
- Margins were mainly affected by Vietnam's sales mix and aggressive marketing push for C2 and Rong Do's relaunch

Sales Growth per Country

		In LCY	In USD
Vietnam		▼ 48%	▼ 49%
Thailand		▲ 13%	▲ 15%
Indonesia		▼ 6%	▼ 6%
Malaysia		▲ 3%	▼ 4%
New Zealand		▼ 2%	▲ 2%

BCF INT'L: Vietnam Updates

Topline showed signs of recovery but margins remained weak

Billboards and TVC



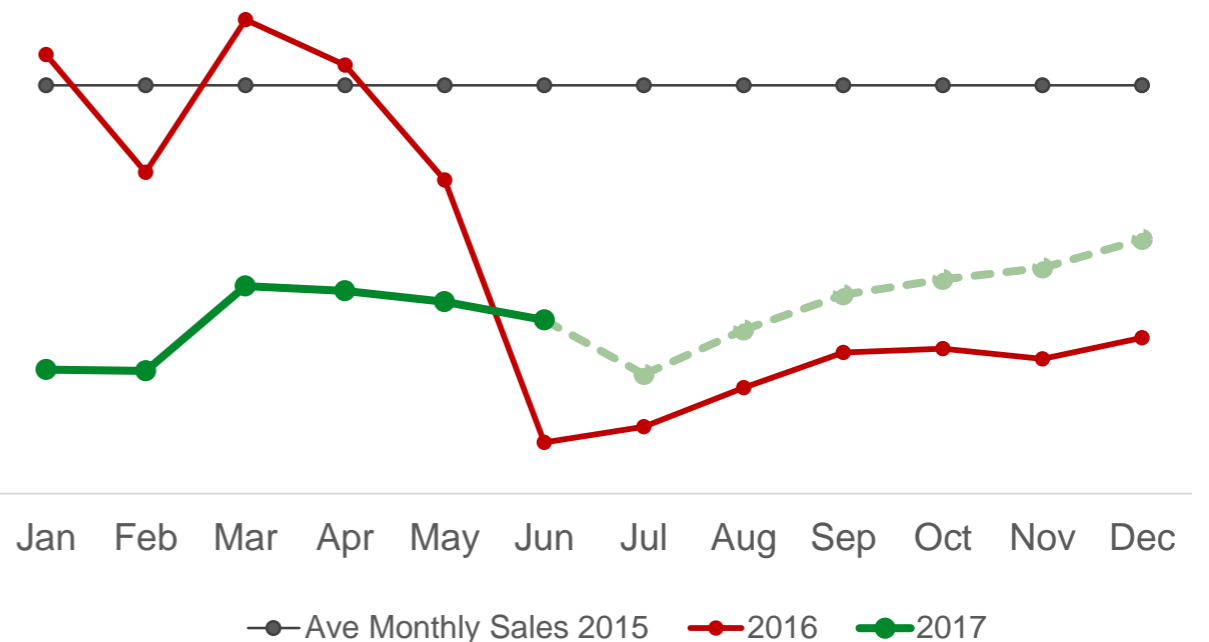
Sponsorships



Merchandising



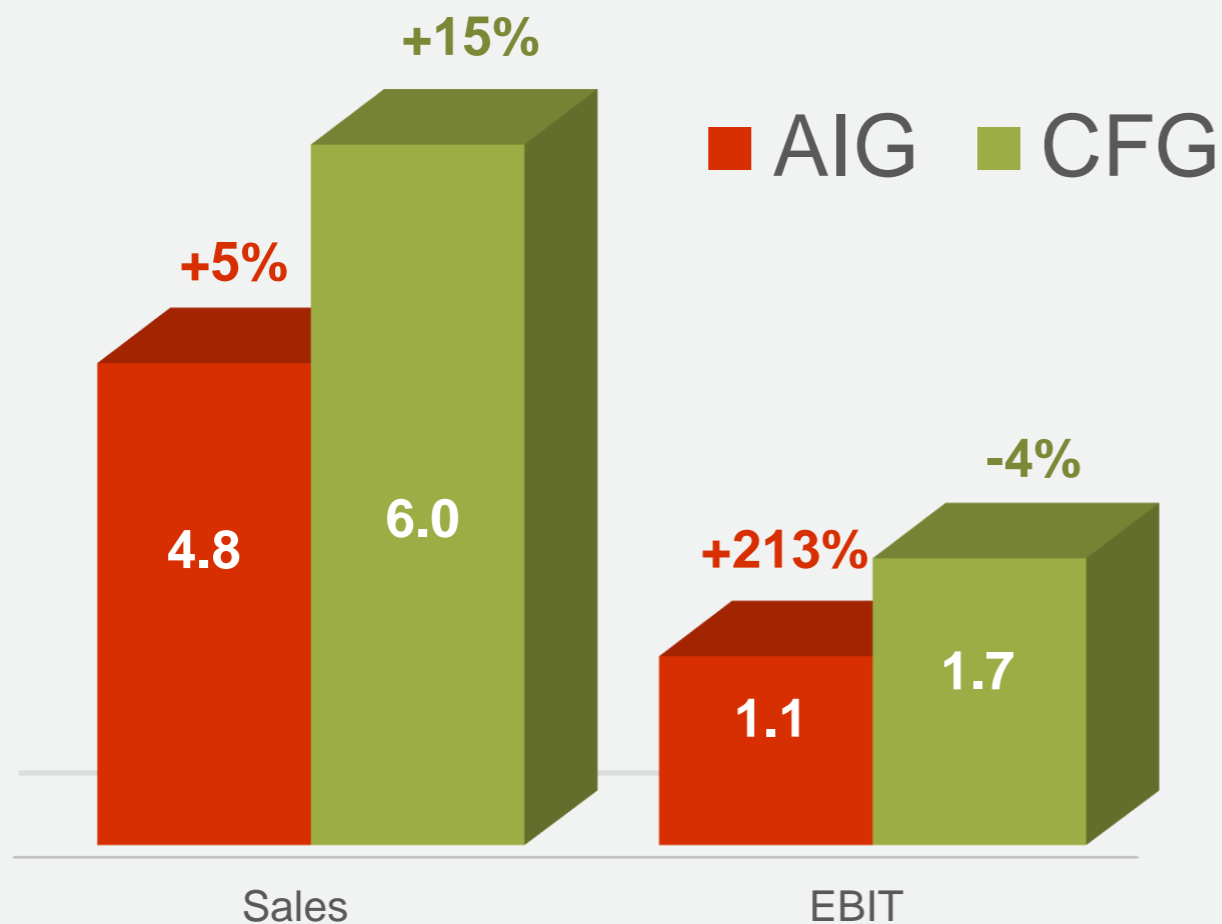
Monthly Sales Value Trending



Marketing Activities

- Total Vietnam's sales continue to recover as a result of aggressive marketing activities, community engagement programs, and trade and consumer promotions
- Higher investments on A&P to recover beverages and on better distribution for snackfoods affected EBIT

Non BCF: Overall sales and EBIT were mainly driven by favorable performance of Farms



	Sales	EBIT
Total Non BCF	10.8 ▲ +11%	2.8 ▲ +32%

Agro-Industrial Group (AIG)

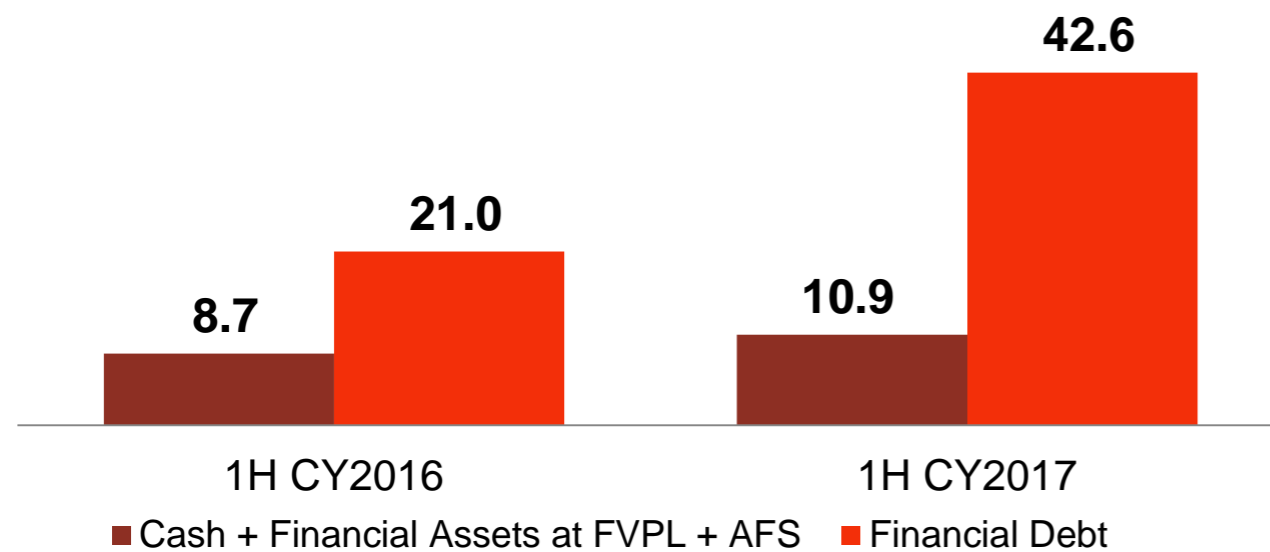
- Sales were up driven by higher selling prices of all segments of Farms
- EBIT significantly grew due to better mix as value added segment for Hogs grew, as well as lower OPEX due to lower importation cost and repairs and maintenance

Commodity Foods Group (CFG)

- Sales increased on the back of core sugar's higher sales volume and stronger Distillery results from higher sales volume of bioethanol. Flour declined due to lower volumes and average selling prices
- EBIT declined as a result of lower sugar prices and unsold sugar inventories; and high production cost of Flour

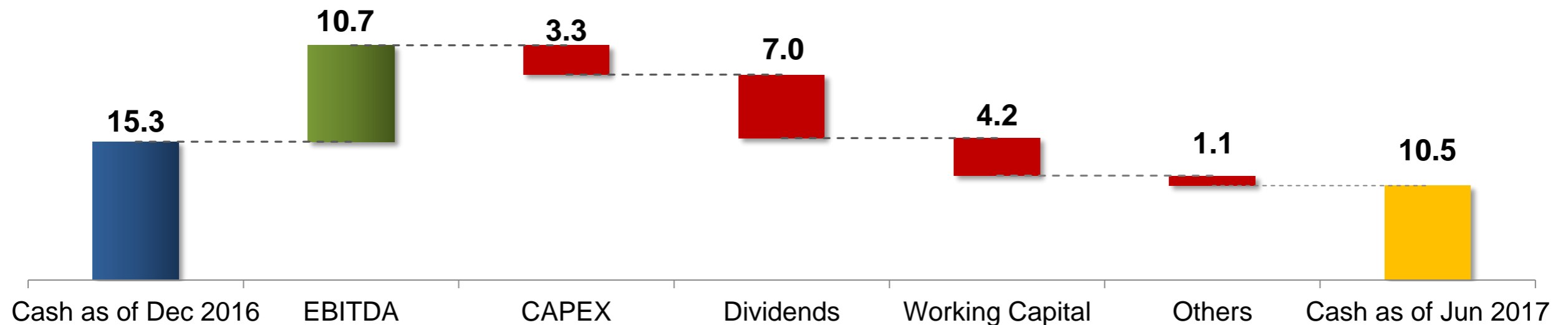
URC: Sustained a strong Balance Sheet and robust cash flow generation

Cash and Financial Debt



- Net debt of Php 31.7B due to long term debt of AUD 484M used for the Snack Brands Australia's acquisition
- Gearing ratio of 0.56
- Major cash disbursements for CAPEX, Dividends payment and working capital

Cash Position



Balance of the Year Plans & Guidance

2H Expectations

- ❑ **Philippines**
 - ❑ Snackfoods and noodles will maintain its momentum
 - ❑ Continuous improvement on order fill rates
 - ❑ RTD will trend upwards as Cebu operations will provide additional capacity coupled with the re-pipelining of water
 - ❑ Coffee will remain challenged due to intense competition
- ❑ **International**
 - ❑ Thailand will sustain its double-digit performance
 - ❑ Indonesia will return to growth from a challenging 1H
 - ❑ SBA will continue to post good growth and Griffin's will maintain its positive traction

PLANS

- ❑ We will continue to push our recovery efforts:
 - Implement aggressive marketing activities in Vietnam
 - Defend market shares and improve Philippine beverage performance through product innovation in coffee and stronger campaigns in RTD Bev
 - Continue to address supply chain issues
- ❑ Strengthen brand equity, communications, and distribution of joint ventures
- ❑ Prepare mitigating plans to adapt and manage the possible effects of the potential Sugar-Sweetened Beverage (SSB) Tax
- ❑ Continue to implement synergies in Oceania
- ❑ Proactively monitor inflationary pressures to preserve margins and calibrate spending to manage overall profitability
- ❑ Release sustainability report in the 2H

Guidance

From a challenging 1H, we expect full year sales to grow mid-teens but operating income to be flattish

THANK YOU





APPENDIX

Balance Sheet

(Php Millions)	As of Jun 2017	As of Dec 2016 (Audited)
Cash & cash equivalents (including Financial assets at FVPL and Available-for-Sale investments)	10,944	15,775
Other current assets	41,852	36,500
Property, plant, and equipment	46,074	45,007
Other noncurrent assets	45,564	45,383
TOTAL ASSETS	144,434	142,665
Current liabilities	29,795	28,105
Noncurrent liabilities	38,866	35,711
TOTAL LIABILITIES	68,662	63,816
Retained earnings	58,611	59,299
Other equity	17,161	19,550
TOTAL EQUITY	75,772	78,849

Income Statement

(Php Millions)	1H CY17	1H CY16	YoY
NET SALES	60,795	55,456	10%
Cost of Sales	41,539	37,350	11%
GROSS PROFIT	19,257	18,106	6%
Operating Expenses	(11,642)	(9,842)	18%
OPERATING INCOME	7,614	8,263	-8%
Equity in Net Income	(110)	(82)	
Finance cost - net	(561)	(437)	
Other Revenues/ expenses	151	(69)	
CORE EARNINGS	7,095	7,675	-8%
Market valuation gain/ (loss)	23	109	
Foreign exchange gain/ (loss) - net	741	974	
INCOME BEFORE INCOME TAX	7,858	8,758	-10%
Provision for Income Tax	1,472	1,356	
NET INCOME	6,386	7,403	-14%
Net income attributable to holders of the parent	6,255	7,287	-14%
EBITDA	10,701	10,974	-2%

Net finance cost increased vs. SPLY due to higher level of financial debt from the loan used for the SBA Acquisition.

Market valuation gain on financial instruments at fair value was down as LY included gain on foreign currency forwards which was settled in April 2016.

Net foreign exchange gain declined as a result of lower IDR forex appreciation vs SPLY.

Divisional Financials

(Php Millions)	SALES			EBIT			EBIT MARGIN		
	1H CY17	1H CY16	YoY	1H CY17	1H CY16	YoY	1H CY17	1H CY16	YoY
Branded Consumer Foods	49,954	45,650	9%	5,804	7,063	-18%	11.6%	15.5%	(385)
Total Philippines	30,000	29,986	0%	4,738	5,518	-14%	15.8%	18.4%	(261)
Philippines	29,311	29,460	-1%	4,716	5,475	-14%	16.1%	18.6%	(249)
Packaging	688	526	31%	21	43	-51%	3.1%	8.3%	(516)
International	19,954	15,664	27%	1,066	1,545	-31%	5.3%	9.9%	(452)
Non-Branded Consumer Foods	10,842	9,806	11%	2,768	2,096	32%	25.5%	21.4%	416
CFG (net)	6,050	5,262	15%	1,666	1,743	-4%	27.5%	33.1%	(560)
Flour	1,745	1,865	-6%	495	549	-10%	28.4%	29.5%	(109)
SURE	4,305	3,396	27%	1,171	1,194	-2%	27.2%	35.2%	(796)
AIG (net)	4,791	4,545	5%	1,102	352	213%	23.0%	7.8%	1,524
Feeds	2,481	2,449	1%	435	440	-1%	17.5%	18.0%	(44)
Farms	2,311	2,096	10%	667	(88)	-859%	28.9%	-4.2%	3,305
Corporate Expense				(957)	(896)	7%			
Total URC	60,795	55,456	10%	7,614	8,263	-8%	12.5%	14.9%	(238)

Value Market Shares

Philippines

CATEGORY	MARKET SHARE	#1	#2	#3
Snacks	35.7%	URC	22.7%	5.6%
Candies	28.0%	URC	11.6%	11.2%
Chocolates	24.2%	URC	9.7%	8.8%
Biscuits	16.7%	31.0%	26.3%	URC
Cup Noodles	52.2%	URC	42.3%	
RTD Tea	82.4%	URC	4.8%	3.6%
Coffee	28.7%	40.6%	URC	26.9%
Instant Coffee	27.1%	69.0%	URC	2.1%
Coffee Mixes	29.2%	34.8%	32.3%	URC

Thailand

CATEGORY	MARKET SHARE	#1	#2	#3
Biscuits	26.0%	URC	10.4%	8.1%
Wafers	27.8%	URC	11.6%	11.1%

Vietnam

CATEGORY	MARKET SHARE	#1	#2	#3
RTD Tea	22.2%	48.0%	URC	15.7%
Energy Drink	3.9%	42.6%	23.2%	22.2%

New Zealand

CATEGORY	MARKET SHARE	#1	#2	#3
Sweet Biscuits	44.4%	URC	21.5%	11.6%
Crackers	21.0%	30.6%	URC	12.5%

Australia

CATEGORY	MARKET SHARE	#1	#2	#3
Salty Snacks	27.4%	52.5%	URC	4.3%



AC Nielsen, Value, MAT: Snacks-Jun 2017, Candies, Chocolates & Biscuits-May 2017, Cup Noodles- Jun 2017, RTD Tea- Dec 2015, Coffee- May 2017
 URC Thailand: Biscuits- Jun 2017, Wafers- Jun 2017, URC Vietnam: RTD Tea- Feb 2017; Energy Drink- Dec 2016
 New Zealand: Sweet Biscuits and Crackers- IRI MarketEdge Grocery, Value MAT ending 07/25/2017; Australia: Aztec Scan AUS Grocery Exit 9/7/17