



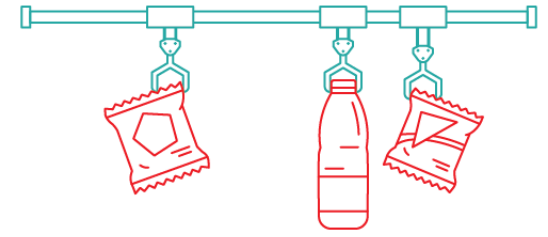
# Q1 CY2019 Unaudited Results Investor Briefing

April 30, 2019

**Irwin C. Lee**  
President and CEO

**Mike P. Liwanag**  
Senior Vice President

# AGENDA

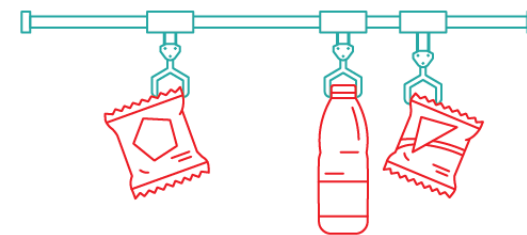


1 Q1 CY2019 Unaudited Financial Results

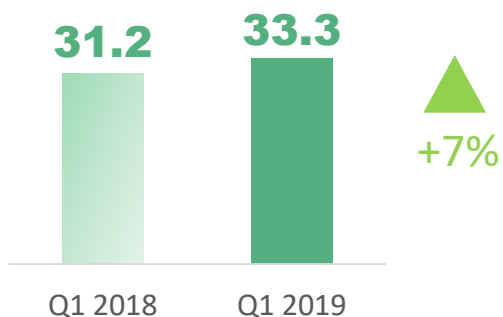
2 Expectations

3 Key Updates



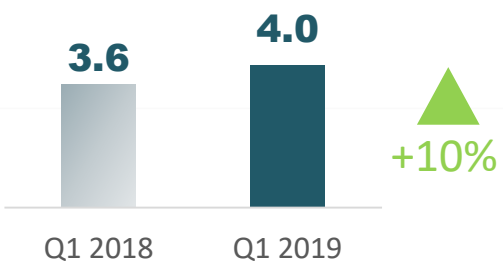


## Sales



Topline growth driven by businesses in the Philippines.

## EBIT



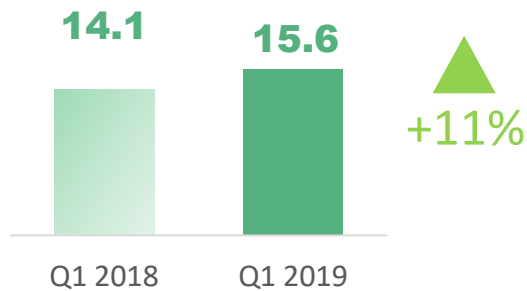
Growth in operating income was driven by higher sales.

**11.9%** +32bps

# PHILIPPINES

Strong performance across all categories boosted topline and profit growth

## Sales



Double digit growth driven by all categories with Coffee pivoting back to growth.

SNACKFOODS

+6%

READY TO DRINK TEA

+6%

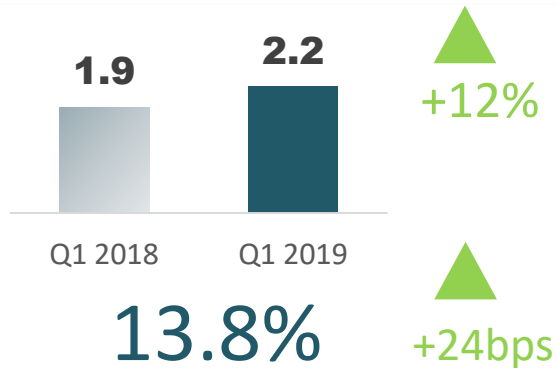
COFFEE

+24%

NOODLES

+7%

## EBIT

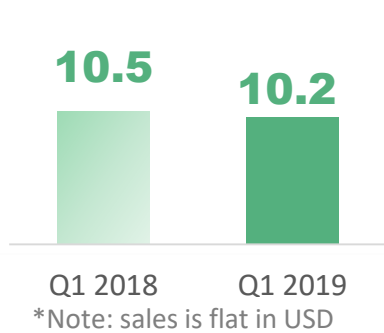


- Operating income and margins recovered driven by better average selling prices and higher volumes.
- Reinvestments in brand building and distribution have started this quarter and expected to ramp-up.

# INTERNATIONAL

## Margins increased despite weaker topline growth

### Sales

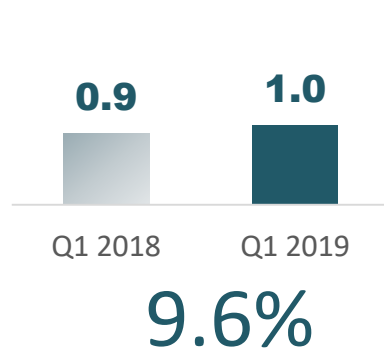


▼  
-3%\*

- Topline held back by FX particularly devaluations in ANZ
- New Zealand back to growth. Australia sales affected by capacity increase transition
- Vietnam continue to grow despite higher base. Thailand sales declined due to trade inventory corrections



### EBIT



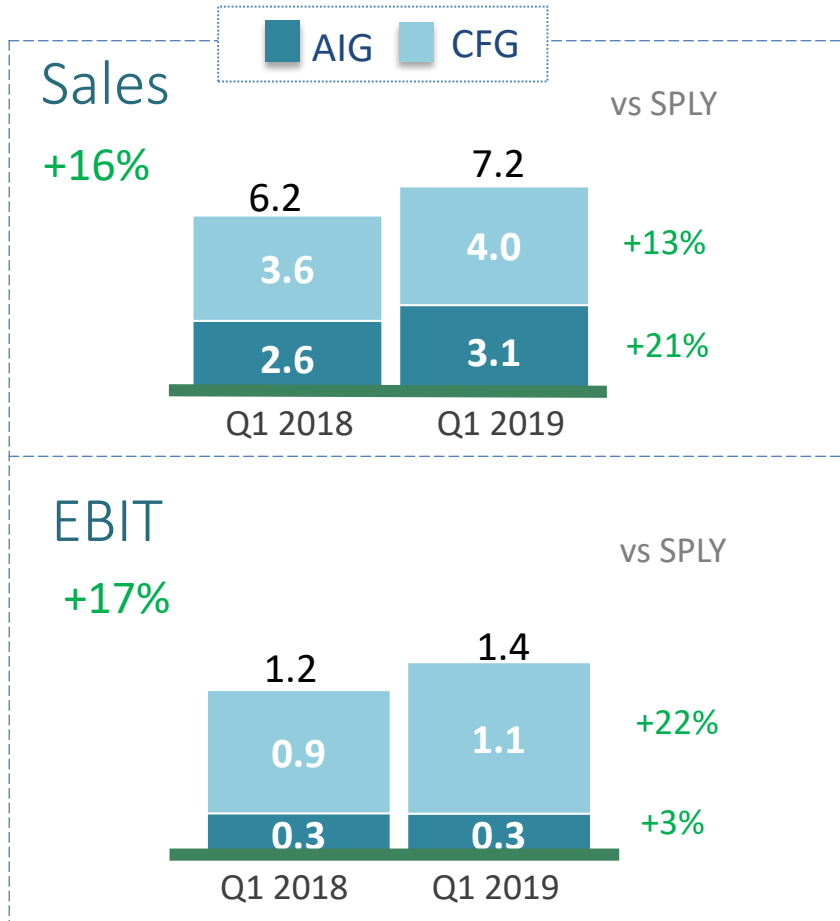
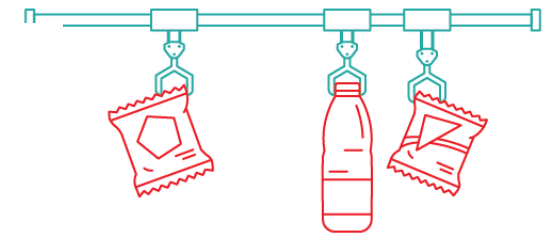
▲  
+5%

▲  
+72bps

- Growth in operating income driven by the recovery in Vietnam and better overall cost and OPEX management
- Margins expanded despite weaker currencies.

# AIC

Double-digit Sales growth across all divisions.  
Profit growth driven by Sugar & Renewables



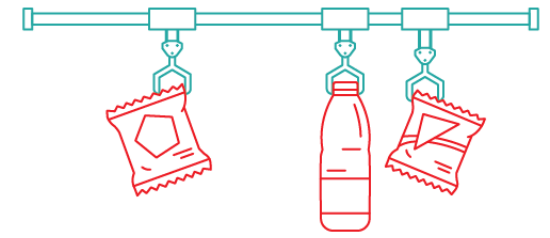
## COMMODITIES

- Topline & EBIT was driven by higher selling price and volumes.

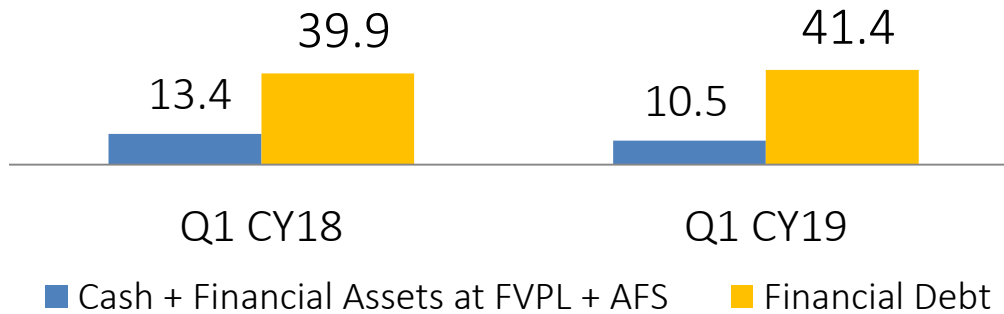
## AGRO-INDUSTRIAL

- Sales was driven by higher volumes and selling prices in feeds.
- EBIT grew slightly a result of lower volumes in hogs offsetting the growth from feeds

# Strong Balance Sheet and Cash Position

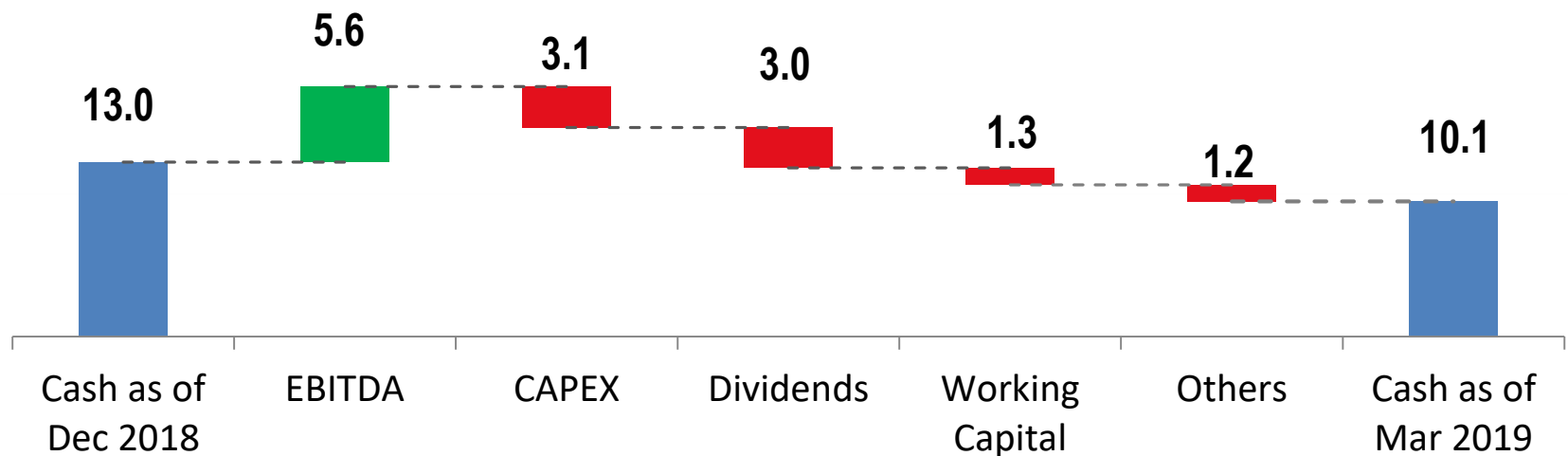


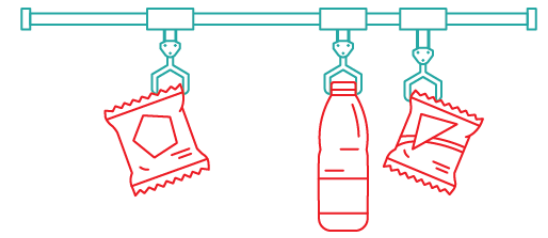
## Cash and Financial Debt



- Net debt of Php 30.9B due to remaining long term debt in Oceania
- Gearing ratio of 0.52
- Major cash disbursements for CAPEX and Dividends payment

## Cash Position





## Our Expectations

1. BCF PH: Topline growth momentum to continue enabling reinvestments in brand building & distribution.
2. BCF International: Topline growth phased to the second half, with profit improvement expected to continue.
3. AIC is expected to maintain profit contribution for the year.

Total URC topline momentum building. Margins expected to hold or slightly improve.

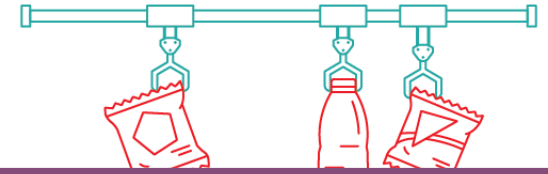




# Key Updates



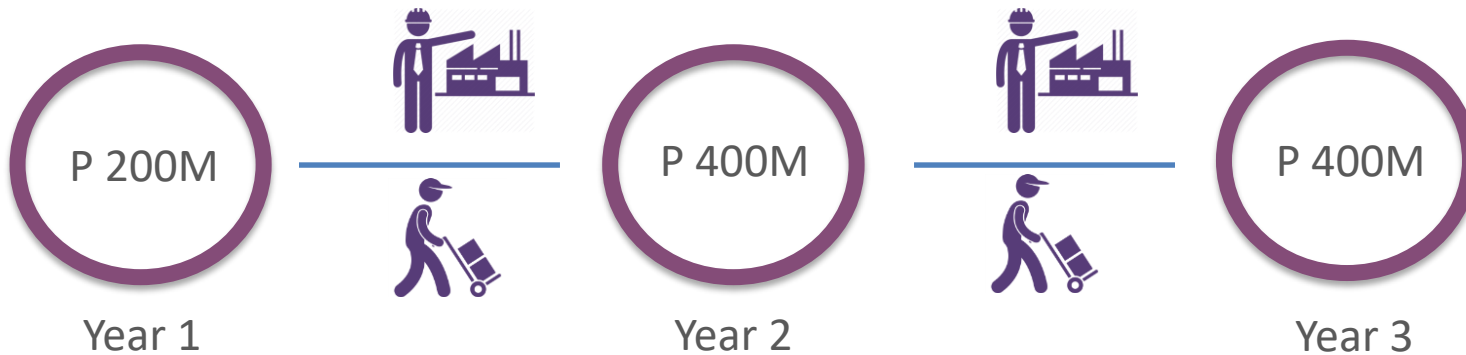
## PRODUCT SUPPLY CHAIN TRANSFORMATION



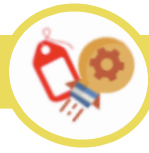
- ✓ 1 Billion pesos supply chain savings in 3 years.
- ✓ Program savings from Lean manufacturing, logistics, and supply network re-design.

# P 1B

Total savings in 3 years  
(Philippines Lead)



# Key Updates



## PRODUCTS AND BRANDS PEOPLE LOVE: Innovation Process Management

Our new

# Innovation Process Management

is rolling out across business units

## Better For You Platform

**Nice & Natural Regional Brand Launch**



## In-depth Consumer Insighting

**Renovation of an existing brand, Great Taste White**

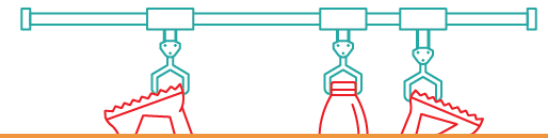


## New Snacking Trends

**Launch of Snacking Crackers in Australia & New Zealand**



# Key Updates



## PEOPLE & PLANET FRIENDLY CULTURE: Sustainability Commitments

### Energy Efficiency & Reduction in GHG Emissions



We will optimize our energy use by Improving Energy Use Ratio by 30 % by 2030 and its impact on Carbon Footprint (GHG)



30%▼

### Water Conservation



Substantially improve water use in our facilities by improving our Water Use Ratio by 30%, by 2030



30%▼

## Natural Resources



### Our People



OUR PURPOSEFUL TRANSFORMATION

2030 COMMITMENTS

### Our Products



### Safety

We promote a safe working environment towards zero lost time injuries in the workplace

### Our Communities

We commit to improve people's capabilities leading to better livelihood, improved nutritional level, and environmental stewardship in communities where we live and operate.

### Quality

We will consistently deliver products of high quality.

### Product

We will improve the nutrition & wellness profile of our product portfolio aligned to the URC Wellness Criteria

### Packaging

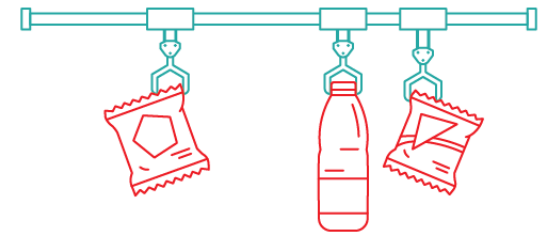
We will reduce our packaging footprint and make 60% of our packaging recyclable.



### Growth In Talent

We empower the organization through our People & Planet Friendly Culture initiatives, ensuring holistic growth of our employees at all levels.

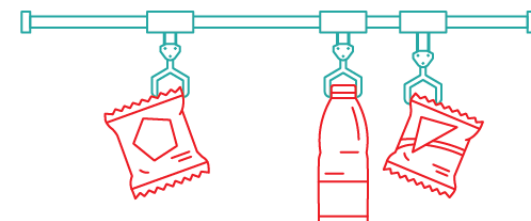




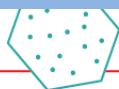
THANK YOU



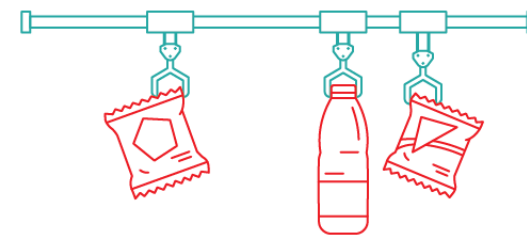
# Balance Sheet



(Php Millions)	Q1 2019 (Unaudited)	CY 2018 (Audited)
Cash & cash equivalents (including Financial assets at FVPL and FVOCI)	10,561	13,494
Other current assets	44,520	40,966
Property, plant, and equipment	53,693	51,950
Other noncurrent assets	45,667	45,525
<b>TOTAL ASSETS</b>	<b>154,441</b>	<b>151,936</b>
Current liabilities	38,047	31,969
Noncurrent liabilities	36,368	35,974
<b>TOTAL LIABILITIES</b>	<b>74,415</b>	<b>67,942</b>
Retained earnings	59,884	63,789
Other equity	20,142	20,204
<b>TOTAL EQUITY</b>	<b>80,026</b>	<b>83,993</b>



# Income Statement



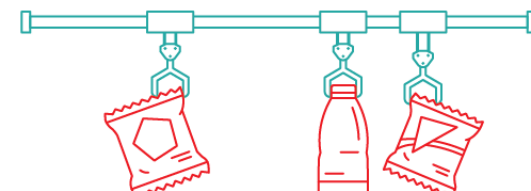
(Php Millions)	Q1 2019 (Unaudited)	Q1 2018 (Restated)	YoY
NET SALES	33,317	31,154	7%
Cost of Sales	23,106	21,929	5%
GROSS PROFIT	10,211	9,225	11%
Operating Expense	-6,260	-5,741	9%
OPERATING INCOME	3,950	3,483	13%
Equity in net income of JVs	-16	-17	
Finance cost – net	-315	-295	
Other Revenues/ expenses	16	-237	
CORE EARNINGS	3,635	2,934	24%
Market valuation gain/ (loss)	-0.04	-26	
Foreign exchange gain/ (loss) – net	207	759	
INCOME BEFORE INCOME TAX	3,842	3,666	5%
Provision for Income Tax	716	631	
NET INCOME	3,126	3,035	3%
Net income attributable to holders of the parent	3,038	2,966	2%
EBITDA	5,635	5,109	10%

- Increase in net income was attributable to positive operating income with offsets coming from lower forex gain and higher finance cost

\*2018 and 2019 numbers reflects the application of PFRS 15 and 9

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

# Divisional Financials

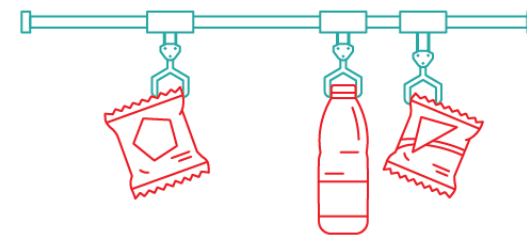


(Php Millions)	SALES			EBIT			EBIT MARGIN		
	Q1 2019	Q1 2018	YoY	Q1 2019	Q1 2018	YoY	Q1 2019	Q1 2018	bps
<b>Branded Consumer Foods</b>	<b>26,157</b>	<b>24,989</b>	<b>5%</b>	<b>3,126</b>	<b>2,871</b>	<b>9%</b>	<b>11.9%</b>	<b>11.5%</b>	<b>46</b>
Total Philippines	15,976	14,516	10%	2,147	1,940	11%	13.4%	13.4%	7
Philippines	15,593	14,107	11%	2,155	1,915	12%	13.8%	13.6%	24
Packaging	384	409	-6%	-7	25	-130%	-1.9%	6.1%	-801
International	10,180	10,473	-3%	978	931	5%	9.6%	8.9%	72
<b>Agro-industrial and Commodity</b>	<b>7,160</b>	<b>6,164</b>	<b>16%</b>	<b>1,389</b>	<b>1,183</b>	<b>17%</b>	<b>19.4%</b>	<b>19.2%</b>	<b>21</b>
CFG (net)	4,048	3,588	13%	1,085	889	22%	26.8%	24.8%	202
Flour	1,123	898	25%	200	212	-5%	17.8%	23.6%	-574
SURE	2,925	2,690	9%	885	677	31%	30.2%	25.2%	507
AIG (net)	3,112	2,577	21%	304	294	3.5%	9.8%	11.4%	-164
Feeds	2,047	1,337	53%	266	190	40%	13.0%	14.2%	-124
Farms	1,065	1,240	-14%	38	104	-63%	3.6%	8.4%	-477
<b>Corporate Expense</b>				<b>-558</b>	<b>-455</b>	<b>23%</b>			
<b>Total URC</b>	<b>33,317</b>	<b>31,154</b>	<b>7%</b>	<b>3,956</b>	<b>3,599</b>	<b>10%</b>	<b>11.9%</b>	<b>11.6%</b>	<b>32</b>



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

# Value Market Shares



## Philippines

CATEGORY	MARKET SHARE	#1	#2	#3
Snacks	34.5%	URC	22.7%	5.7%
Candies	26.7%	URC	12.4%	10.5%
Chocolates	22.3%	URC	12.5%	9.1%
Biscuits	16.5%	29.2%	25.9%	URC
Cup Noodles	49.1%	URC	41.4%	5.1%
RTD Tea	84.3%	URC	3.0%	2.2%
Coffee	22.7%	37.0%	35.6%	URC
Instant Coffee	24.2%	72.5%	URC	1.8%
Coffee Mixes	22.4%	42.5%	30.1%	URC

## Thailand

CATEGORY	MARKET SHARE	#1	#2	#3
Biscuits	22.8%	URC	10.3%	7.0%
Wafers	24.4%	URC	13.8%	10.0%

## Vietnam

CATEGORY	MARKET SHARE	#1	#2	#3
RTD Tea	14.4%	51.3%	17.2%	URC

## New Zealand

CATEGORY	MARKET SHARE	#1	#2	#3
Sweet Biscuits	42.0%	URC	19.8%	12.6%
Crackers	19.4%	30.3%	URC	12.7%

## Australia

CATEGORY	MARKET SHARE	#1	#2	#3
Salty Snacks	24.3%	54.3%	URC	4.9%

AC Nielsen, Value, MAT: Snacks, Candies, Chocolates, Biscuits, RTD Tea, Coffee and Cup Noodles as of February 2019 (corrected)

URC Thailand: Biscuits and Wafers - Mar 2019, URC Vietnam: RTD Tea, Energy Drink – Mar 2019

New Zealand: Sweet Biscuits and Crackers-IRI MarketEdge NZ Grocery MAT 31 Mar 2019; Australia: Aztec Scan AUS Grocery MAT to 17/3/19