



Monde Nissin posts 10.9% comparable revenue growth in Q1 with APAC BFB revenues growing 15.4%

- **Consolidated comparable revenue grew 10.9% in Q1 as APAC BFB continues to deliver strong growth across all categories.**
 - **Asia-Pacific Branded Food & Beverage (APAC BFB) Q1 revenue increased by 15.4% year-on-year on a comparable basis driven by strong growth in all categories. Revenue growth was 4.7% quarter-over-quarter on a comparable basis.**
 - **Meat Alternatives increased market share in the UK from 30.6% a year ago to 32.6% in Q1; however, revenue declined 6.2% on a reported basis and 4.3% on an organic basis, driven by continued category headwinds especially in the US.**
- **Sales of biscuits and other categories, which includes beverage and culinary, in the Philippines grew 18.2% and 24.9% year-on-year in Q1 on a comparable basis, respectively.**
- **Philippine sales of noodles continued strong growth in Q1 with 12.4% quarter-over-quarter and 9.8% year-on-year growth on a comparable basis, pushing the past 4-week market share ending in March to 68.0%.**
- **Core gross margin in Q1 improved by 112 bps quarter-over-quarter on a comparable basis due to continued strong revenue growth and the run off of expensive commodity lock-ins.**
- **Core net income attributable to shareholders declined by 11.6% to Php 1.9 bn year-over-year, reflecting the decline in gross profit particularly in the meat alternative business. Reported net income for Q1 declined by 17.0% year-over-year to Php 1.9 bn.**

MAKATI CITY, PHILIPPINES – May 15, 2023 – Monde Nissin Corporation (“Monde Nissin” or the “Company”; PSE stock symbol: MONDE) announced today its unaudited financial results for the first quarter ended March 31, 2023. Consolidated revenue for the first quarter grew 9.6% on a reported basis and 10.9% on a comparable basis to Php 20.1 bn due to the strong growth of APAC BFB categories, and in particular domestic noodles.

First quarter core gross profit declined by 5.0% on a reported basis and 1.8% on a comparable basis to Php 6.1 bn. Core gross margin declined by 470 bps on a reported basis and 390 bps on a comparable basis to 30.4% due to elevated raw material and higher overhead costs, partially offset by price increases. Meanwhile, core gross margin for the first quarter improved by 112 bps quarter-over-quarter on a comparable basis due to continued strong revenue growth and the run off of expensive commodity lock-ins.

Core net income attributable to shareholders for the first quarter declined by 11.6% to Php 1.9 bn, reflecting the decline in gross profit particularly in the meat alternative business. Reported net income for the quarter declined by 17.0% to Php 1.9bn due to restructuring costs in Quorn US, partially offset by foreign exchange gain and net interest income.

Asia-Pacific Branded Food and Beverage (APAC BFB)

APAC BFB net sales for the first quarter increased by 13.7% on a reported basis and 15.4% on a comparable basis to Php 16.5 bn, mainly driven by volume growth and price increases in all categories. The domestic business grew 13.4% on a reported basis and 15.2% on a comparable basis year-on-year to Php 15.5 bn in Q1 due to the strong growth in all categories. International revenue increased by 18.6% to Php 1.0 bn for the first quarter due robust growth in all categories.

Core gross profit for the first quarter grew by 3.1% on a reported basis and 7.7% on a comparable basis to Php 5.1 bn with core gross margin down by 320 bps on a reported basis and 220 bps on a comparable basis to 31.2% due to commodity cost inflation, partially mitigated by price increases. Meanwhile, core gross margin improved by 125 bps on a comparable basis compared to the previous quarter. Core EBITDA for the first quarter grew by 5.0% to Php 3.6 bn compared to the same period last year, mainly due to a decline in gross profit and increased logistics costs.

Meat Alternative (Quorn Foods)

Meat Alternative revenue declined by 4.3% in Q1 on an organic basis due to the continued category headwinds. On a reported basis, revenue for the first quarter declined by 6.2% to Php 3.5 bn, and by 15.4% compared to the previous quarter. UK and US declined 1.9% and 33.6% on an organic basis in Q1, respectively, due to the challenging retail market. The foodservice grew 4.6% for the first quarter.

Core gross profit for the first quarter decreased by 33.4% to Php 950 mn, while core gross margin declined by 1101 bps to 27.0% due to the dilutive effect of price increases versus inflation, lower volume, and higher overhead cost. Meanwhile, core gross margin remained flat compared to the previous quarter.

Core EBITDA loss of Php 116 mn for the first quarter was due to lower revenues and gross profit.

in Php mn	Q1 2022 Reported	Q1 2022 Comparable ¹	Q1 2023	Q1 2023 Comparable ¹ Growth
Net sales	18,298	18,084	20,050	10.9%
APAC BFB	14,539	14,325	16,525	15.4%
Meat Alternative	3,759	3,759	3,525	-6.2%
Core gross profit	6,422	6,208	6,099	-1.8%
Core EBITDA	3,600	3,600	3,434	-4.6%
Core net income after tax	2,124	2,124	1,878	-11.6%
Core net income attributable to shareholders	2,121	2,121	1,876	-11.6%

¹Comparable year-on-year growth reflects the reclassification related to PFRS15.

Monde Nissin’s financial position remains strong with Php 11.5 bn in cash and cash equivalents and stable net debt-to-equity ratio of 0.30. Outstanding debt was at Php 7.3 bn as of March 31, 2023. Operating cash flow was at Php 2.1 bn for the first quarter of 2023.

Concluding Comments

Henry Soesanto, Chief Executive Officer, commented, “The APAC BFB business saw strong topline growth across all of our categories during the first quarter with our noodles business, achieving double-digit quarter-on-quarter growth and volumes ahead of where we were last year. Moreover, the past 4-week market share ending in March is at 68.0%, 200 bps above where we were prior to last year’s selective recall in the EU. I am also happy to report that we are now beginning to see margin improvement as our higher cost commodity lock-ins have started to expire and we expect further margin improvement as the year progresses.”

Turning to the Meat Alternative business, Mr. Soesanto went on to say “The meat alternative category continues to face strong headwinds. Last quarter, we discussed the steps that we were taking to right-size our U.S. business to better reflect current market realities. We are now similarly addressing our U.K. business, restructuring it to better weather the current category conditions while remaining agile and ready to benefit when the market for meat alternatives

eventually recovers. In this effort, we are planning an equity infusion of up to GBP 40 mn into our UK entity, partially paying down the existing debt to better reflect the current asset value and lower interest cost, and to cover the restructuring costs.”

Mr. Soesanto concluded by saying “We are optimistic for continued positive topline growth and margin improvement in our APAC BFB business as the year progresses. And for our meat alternative business, we are taking the necessary steps to address the current market situation, while remaining prepared to participate in the long-term category growth that we anticipate.”

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands. with Comparative Audited Figures as at December 31, 2022)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱11,539,966	₱11,628,627
Trade and other receivables (Notes 6 and 18)	6,876,971	6,800,309
Inventories (Note 7)	10,457,058	10,878,570
Current financial assets at fair value through profit or loss (FVTPL) (Notes 18 and 20)	1,979,465	1,756,101
Prepayments and other current assets (Note 8)	1,131,357	1,269,209
Total Current Assets	31,984,817	32,332,816
Noncurrent Assets		
Property, plant and equipment (Note 9)	30,829,685	30,863,507
Intangible assets (Note 10)	14,504,444	14,482,905
Investments in associates and joint ventures	1,109,223	1,104,453
Noncurrent financial assets at FVTPL (Notes 18 and 20)	887,795	–
Deferred tax assets - net (Note 19)	812,412	867,912
Noncurrent receivables (Notes 17, 18 and 20)	662,309	662,300
Other noncurrent assets (Note 11)	1,038,462	978,480
Total Noncurrent Assets	49,844,330	48,959,557
	₱81,829,147	₱81,292,373
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 12 and 18)	₱11,018,428	₱11,322,600
Acceptances and trust receipts payable (Notes 7 and 20)	1,140,808	2,362,301
Income tax payable	589,437	209,831
Current portion of lease liabilities	313,005	386,671
Refund liabilities (Note 12)	275,348	200,440
Current portion of loans payable (Note 13)	269,772	269,758
Total Current Liabilities	13,606,798	14,751,601
Noncurrent Liabilities		
Loans payable (Note 13)	6,993,569	6,983,256
Deferred tax liabilities - net (Note 19)	4,160,218	4,319,733
Lease liabilities	2,382,305	2,423,496
Pension liability	529,750	506,430
Derivative liability	139,002	–
Other noncurrent liabilities	36,674	36,673
Total Noncurrent Liabilities	14,241,518	14,269,588
Total Liabilities	27,848,316	29,021,189

(Forward)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Equity		
Capital stock (Note 14)	8,984,306	8,984,306
Additional paid-in capital	46,515,847	46,515,847
Retained earnings (Deficit) (Note 14):		
Appropriated	211,452	5,211,452
Unappropriated	2,895,995	(4,039,669)
Fair value reserve of financial assets at FVOCI	(235,130)	(235,130)
Remeasurement losses on pension liability	(210,805)	(210,805)
Equity reserve (Note 14)	(622,335)	(622,335)
Cumulative translation adjustments (Note 14)	(3,703,269)	(3,474,980)
Equity Attributable to Equity Holders of the Parent Company	53,836,061	52,128,686
Non-controlling Interests (Note 4)	144,770	142,498
Total Equity	53,980,831	52,271,184
	₱81,829,147	₱81,292,373

MONDE NISSIN CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Amounts in Thousands, Except Earnings Per Share Value)**

	Quarters Ended March 31	
	2023	2022
NET SALES (Note 15)	₱20,049,668	₱18,297,537
COST OF GOODS SOLD (Note 15)	13,951,154	11,875,855
GROSS PROFIT	6,098,514	6,421,682
SALES, GENERAL AND ADMINISTRATIVE EXPENSES		
General and administrative expenses (Note 16)	1,945,818	1,657,672
Selling and distribution expenses (Note 16)	1,586,205	1,858,852
Impairment loss on property, plant and equipment (Note 9)	-	1,247
	3,532,023	3,517,771
	2,566,491	2,903,911
OTHER INCOME (EXPENSES)		
Foreign exchange gain (loss) - net (Note 4)	(49,873)	32,804
Market valuation loss on financial instruments at fair value through profit or loss (FVTPL)	(28,149)	-
Share in net earnings from associates and joint ventures	4,770	9,049
Miscellaneous income - net (Notes 6 and 17)	50,655	30,424
	(22,597)	72,277
INCOME BEFORE FINANCE INCOME (EXPENSES)	2,543,894	2,976,188
FINANCE INCOME (EXPENSES)		
Finance costs (Notes 13 and 17)	(161,284)	(126,125)
Derivative gain (loss) (Note 20)	(1,258)	75,477
Finance income (Note 17)	80,301	8,777
	(82,241)	(41,871)
INCOME (LOSS) BEFORE INCOME TAX	2,461,653	2,934,317
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	627,363	726,634
Deferred	(103,646)	(127,244)
	523,717	599,390
NET INCOME	₱1,937,936	₱2,334,927
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	₱1,935,664	₱2,331,747
Non-controlling interests	2,272	3,180
	₱1,937,936	₱2,334,927
Earnings per Share (EPS) (Note 14)		
Basic/diluted, income attributable to equity holders of the parent	₱0.11	₱0.13
	0.11	0.13

(Forward)

	Quarters Ended March 31	
	2023	2022
NET INCOME	₱1,937,936	₱2,334,927
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit and loss in subsequent periods:		
Exchange gains (losses) on foreign currency translation (including effective portion of the net investment hedge) (Note 14)	(228,289)	34,300
TOTAL COMPREHENSIVE INCOME	₱1,709,647	₱2,369,227
Total comprehensive income attributable to:		
Equity holders of the Parent Company	₱1,707,375	₱2,366,047
Non-controlling interests	2,272	3,180
	₱1,709,647	₱2,369,227

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands, For the three months ended March 31, 2023 and 2022)

	2023 (Unaudited)	2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱2,461,653	₱2,934,317
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 9, 10, 15, 16 and 17)	663,114	655,269
Finance costs (Notes 13, 17 and 20)	161,284	126,125
Finance income (Note 17)	(80,301)	(8,777)
Unrealized foreign exchange gain (loss) – net	(73,885)	2,948
Market valuation loss on financial instruments at FVTPL	28,149	–
Movement in pension liability	23,658	11,717
Share in net earnings from associates and joint venture	(4,770)	(9,049)
Derivative loss (gain) (Note 20)	1,258	(75,477)
Gain on sale of property, plant and equipment	(474)	(1,080)
Impairment loss on property, plant and equipment (Note 9)	–	1,247
Working capital adjustments:		
Decrease (increase) in:		
Inventories	421,512	(312,243)
Prepayments and other current assets	137,852	282,918
Trade and other receivables	(92,250)	(641,339)
Increase (decrease) in:		
Acceptance and trust receipts payable	(1,139,669)	(1,473,540)
Accounts payable and other current liabilities	(338,356)	(80,958)
Refund liabilities	74,908	979
Net cash generated from operations	2,243,683	1,413,057
Income tax paid	(247,757)	(613,610)
Interest received	95,871	9,682
Net cash flows from operating activities	2,091,797	809,129
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Noncurrent financial assets at FVTPL	(928,808)	–
Current financial assets at FVTPL	(809,190)	(1,002)
Property, plant and equipment (Notes 9 and 21)	(635,693)	(1,105,829)
Intangible assets (Note 10)	(44,007)	(27,613)
Decrease (increase) in other noncurrent assets	(62,446)	45,061
Proceeds from:		
Sale of property, plant and equipment (Note 9)	686	1,576
Termination of current financial assets at FVTPL	574,010	–
Net cash used in investing activities	(1,905,448)	(1,087,807)

(Forward)

	2023 (Unaudited)	2022 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments for):		
Principal portion of lease liabilities	(141,575)	(82,362)
Interest	(115,656)	(65,158)
Derivatives (Note 20)	(1,258)	75,477
Payment of loans (Note 13)	-	(1,706,455)
Availment of loans (Note 13)	-	1,706,755
Increase (decrease) in other noncurrent liabilities	1	(11)
Net cash flows from financing activities	(258,488)	(71,754)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(72,139)	(350,432)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(16,522)	(24,961)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,628,627	13,856,814
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱11,539,966	₱13,481,421

About Monde Nissin

Monde Nissin Corporation is a global food and beverages company headquartered in the Philippines, with a portfolio of iconic and market leading brands across fast-growing categories, including Lucky Me! noodles, SkyFlakes crackers, Fita crackers, Monde baked goods and Quorn meat alternative products. The Company aspires to improve the well-being of people and the planet, and create sustainable solutions for food security. That aspiration is reflected in our commitment to continuously improve our products to make them more delicious, nutritious, and better for the planet. For more information, please visit www.mondenissin.com.

About Quorn

Quorn Foods is a global market leader in healthy, sustainable protein. Headquartered in Stokesley, North Yorkshire in the United Kingdom, the company offers a wide range of great-tasting products to appeal to the rapidly expanding group of people wanting to reduce their meat consumption. The company employs around 900 people and exports to 15 countries around the world, including Australia, Singapore and the United States. Quorn® is one of the United Kingdom's top 40 FMCG brands. Quorn Foods is the reporting group which includes a main trading company, Marlow Foods Ltd. Quorn Foods encompasses all international operations of Quorn® and Cauldron®. For more information, please visit www.quorn.com.

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