Transcript of Monde Nissin Corporation (MONDE)
Full Year 2024 Earnings Call
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Participants
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Henry Soesanto – Executive Vice-President & Chief Executive Officer, Monde Nissin Corporation
Jesse Teo – Chief Financial Officer, Monde Nissin Corporation
David Flochel – Chief Executive Officer, Quorn Foods
Nick Cooper – Chief Financial Officer, Quorn Foods

Michael Paska:

Good afternoon and welcome to Monde Nissin's fourth quarter and full year 2024 earnings call. I am Mike Paska, Head of Investor Relations. On today's call with me are Henry Soesanto, Chief Executive Officer, Jesse Teo, Chief Financial Officer, David Flochel, Chief Executive Officer of Quorn Foods, and Nick Cooper, Chief Financial Officer of Quorn Foods. By now, everyone should have access to their earnings presentation and press release. These are all posted on the PSE Edge website earlier today. This information can also be found in the investor section on Monde Nissin's website. And finally, before we begin, please note that the financial information being presented is unaudited, and during the course of this call, management may make forward-looking statements based upon current assumptions and expectations. These are not guarantees of future performance, and I encourage everyone to read the disclaimer in today's presentation. Now I'd like to turn the call over to Henry. Henry.

Henry Soesanto:

Thank you, Mike, and good afternoon, everyone. Our consolidated revenue increased by 5.1% year-on-year in Q4 and 3.7% for the full year on a comparable basis. Our APAC BFB business, which comprises 84% of top line for the full year, grew by 8.7% year-on-year in Q4 and 5.4% for the full year on a comparable basis. With our growth, we sustained our market leadership positions for Q4 2024.

Noodles experienced market share growth of 140 basis points from 67.3% in Q4 2023 to 68.7% in Q4 this year. Our share growth is led by our Kasalo pack. So in fact, in the supermarket channel for this segment, we are now 106% of the market leader. We also continue to see more demand for our multi pack, which effectively increases consumption. Lastly, in Q3 2024, we launched chicken calamansi and beef calamansi instant mami, familiar flavors borrowed from our pancit canton variants that represent a premiumization of our instant mami portfolio. These are already driving incremental growth and overall share gains for our wet pouch segment.

For biscuits, our market share remains stable at 28.5% amid some supply constraints. Our MY San Grahams continues to grow quickly, having grown 15% year-on-year in Q4 and 25% for the full year. We are also seeing accelerating growth for our flagship SkyFlakes brand, supported by successful marketing campaigns. Lastly, our Mindanao biscuit plant enabled strong growth for Nissin Butter Coconut in Q4. We hope to continue this momentum as we build more capacity for our biscuit business. Next slide please.

For oyster sauce, our market share improved from 59.3% in Q4 2023 to 59.7% as category household penetration increased to 60%, 45% of which is driven by the Mama Sita's brand.

For yogurt drink, we further improve market share by 100 basis points and hit a new record of 92.2% from 91.2% in Q4 2023, thanks to our new mango variant and top super fruits and strawberry variants. The business also saw increased general trade distribution and purchase frequency for the full year.

Lastly, for cultured milk, Delight remains a strong challenger with 23.6% market share, driving category growth in 2024.

We believe our strong brands will continue to be relevant to our loyal consumers through efforts to build presence for our brands and strengthen our portfolio offering.

Now, moving on to meat alternative, which comprises 16% of our top line for the full year. Our top line continues to be challenging as it declined by 9.3% year-on-year for the full year on a comparable constant currency basis. On today's call, we have our new CEO for the meat alternative business, David Flochel. David is an experienced executive with a proven track record in both corporate and private equity settings, where he has successfully led the transformation of several food and beverage businesses. He has worked in Europe and North America in the food and beverage, FMCG, food services, B2B industry for over 25 years, from marketing and customer development to general management and CEO roles. He has led several company transformations, Selecta with KKR and for Heineken UK post-COVID. He has also successfully led several mergers, acquisitions, and carve outs with those companies, with Mars drinks as well as more recently with Haleon. Later on, he will speak more about his priorities for the business.

Now I would like to turn over to Jesse to provide more details on the financial performance of our consolidated and APAC BFB businesses. Jesse.

Jesse Teo:

Thank you, Henry. I'd like to start my financial performance presentation by elaborating on the top line performance that Henry articulated earlier and providing more perspective on the results. We ended 2024 with a bang, with our Q4 not only being our strongest growth quarter for the year, but also an all-time record quarter for the group. This also brings our annual revenue to Php 83.1 billion. That also represents an all-time record for the group. As Henry explained, APAC had good quality growth, share-based growth, and broad-based growth. This is, however, partially offset by the top line challenges in meat alternative which declined double digits.

On gross profit and gross margin, gross margin had a good trend for both in Q4. Both APAC branded food and beverage and meat alternative accelerated or expanded gross margin for the quarter versus year ago. This reflects lower input costs for both segments.

For core EBITDA, we grew almost 9% to Php 3.8 billion in Q4. The lower growth in EBITDA is due to the catch-up bookings of opex items that is typical for year-end.

However, for core net income, growth is faster at 21.2% as we experienced FX gains. Recall that one of our strategies due to our US dollar short position is to stockpile on the US dollar, to keep our idle cash in US dollar. That worked really well for us for the quarter. Thus, with the quarter's performance on core net income, this brings our core net income at ownership to Php 9.8 billion. This is an all-time record, up 28.6% versus year ago.

Now in our press release in February, we gave a heads-up on non-core charges that we will be booking in Q4. The two key non-core charges are a Php 6.9 billion impairment of our meat alternative investment and a reduction in the family guarantee of Php 2.6 billion. The details of this is in slide 26 of the appendix, but let me share with you three key numbers that I'm sure most of you will be interested in. With this impairment, the remaining value of the investment of the group in the meat alternative segment is £115 million; and with the adjustment in the family guarantee, the family guarantee is now valued at £112 million. This compares with a cumulative impairment between '23 and '24 of £267 million. The £112 million guarantee value is a 10-year guarantee, and thus, from an accounting standpoint, we need to make an adjustment. But if you simply look at the assumed stock price of the 2.156 billion, which underwrites that guarantee, that will effectively be just Php 3.77 per share, which is a 46% discount versus the closing price today.

Because of the non-core charges, obviously the reported net income for Q4 is negative Php 5.6 billion. However, for the year, we will do a reversal and book a reported net income of Php 450 million. This is a solid improvement versus the negative Php 626 million loss that we booked in 2023. This brings our fiscal year core EPS to 54 cents per share and reported EPS at 2 cents per share. Our core income translated to cash; and with the next slide, we will show that our profit and core operating results translated to cash.

We had strong, very strong operating cash of Php 12.8 billion, slightly down versus last year because of high Q4 sales. Trade receivables was a little bit up as our Q4 had record sales. Moreover, because of the family guarantee and because of the robust core profitability, we were able to retain our strong retained earnings at the listed company level. We have as of December 31, Php 5 billion of retained earnings, which when translated to retained earnings available for dividends would be at Php 4.2 billion. Out of this Php 4.2 billion, we have declared dividends yesterday of 15 cents per share, equivalent to Php 2.7 billion, and it'll be applicable for all shareholders of record as of April 25th, 2025, and will be payable on May 22nd, 2025. Next slide, please.

For our CapEx plan this year, our CapEx plan continues to support APAC branded food and beverage growth. Later on, we will show that our growth for our biscuit business is especially strong; and as alluded by Henry earlier, we had supply constraints that prevented us from shipping even more. We will try to address this quickly by building a new plan in Northern Luzon for our biscuit business. Bulk of the Php 6.6 billion that we'll be spending for CapEx in APAC will go towards that. We will have a modest increase in CapEx spending in meat alternative to fund the restructuring that we need in order to get the savings that we have committed. Next slide, please.

Now, onto zero in on APAC. I mentioned earlier that APAC had good quality, broad-based, share-based growth. Let me elaborate more. Php 18.5 billion is a record quarter for APAC. Just for perspective, it was only last Q3 2024 that we breached Php 17 billion in APAC branded food and beverage sales. We have now topped that and reset the record to Php 18.5 billion in just one quarter. This brings us to a record Php 69.5 billion sales for the year. Gross profit expanded as we continue to experience benign commodity costs, primarily wheat and palm oil, and EBITDA also grew strongly in Q4 and for the year, with Q4 being depressed a bit, as there are catch up OpEx items. Core net income for the quarter, as explained, had a huge help from the FX stockpile that we had in order to derisk our US dollar short position. Next slide, please.

As I mentioned, our quality of growth is very good. It is share-based, and it is volume-based, and it is firing on all cylinders. As you can see, all business segments grew in terms of volume. Strong single-digit growth for noodles and biscuits, and double-digit growth for our beverage and culinary businesses. The net price decline in others is due to our pollard. Pollard is one of our byproducts when we are milling our wheat. Pollard prices, of course, will go down, and it went down 27% last year, as wheat prices go down. For the full year, we have broad-based volume growth, a bit shorter clip, and we overall increase the net price, as well. Next slide, please.

On bottom line, zeroing in on the two commodities that affect our COGS the most. We are happy to report that we have good positions for wheat, where we have lower-than-year-ago positions up to Q4. We have only a few metric tons remaining of uncovered positions for the year, and so far, the prices have been very benign, below year-ago. Of course, the issue here is that our bookings are in US dollars; and depending on the exchange rate, the peso amount could change. But this is, however, offset by our stockpile, which now is over $100 million so that we could enjoy FX gains even with the peso depreciation, raising the peso value of our wheat imports. For palm oil, we have talked about the rise in palm oil prices; and you could see there's a steady rise in palm oil. This affects all edible oils. However, we have been able to use the backward-dated curve to be able to lock in most of our requirements for the entire year at a lower price. As you can see from the chart on palm oil, the prices that we have locked in are lower every quarter as the year goes on. This will help us in our position overall, depending on the exchange rate. Our wheat position, because it's 16% of our COGS, would largely cover the upcharge that we see in palm oil. Now, I'll turn it over to David who will talk about the meat alternative business.

David Flochel:

Thank you, Jesse. Good afternoon, everyone. I'm delighted to be able to share my priorities for the business with you today. With my track record as presented by Henry, I have been building several principles which I believe in to successfully transform the company. The first one: decisions should be made on consumer insight. Second: engaging from the top with customers in value creation. Third: making sure that the company vision, goals, priorities are well understood by the entire organization to drive alignment, execution, and engagement. Focusing on execution will also be very important. Tracking progress. Finally: communicating honestly about the situation, what needs to get done, and celebrate progress over time.

I'm delighted to be leading the transformation of Quorn with those key principles at the heart of the turnaround program, which have been launched in January, called "Transform to Win Together." This multi-year program is made of three key pillars and building blocks. The first one: funding the journey, saving costs, making operational gains in the supply network while operating with a lean organization. The second one is about winning again in the market as category leader by focusing on the execution of our plans with key customers based on consumer insights. Finally, driving the right culture for the company, applying high-performing team principles, leading from the front, bringing clarity, execution, and accountability throughout the organization.

The operational priorities of the program are, firstly, to drive operational gains through restructuring, a lean organization, and supply network optimization, to drive stronger commercial execution, to build and rebuild the strengths of our brand, to identify and prioritize fewer clearer market opportunities, to maintain a very strong cash discipline, and this: to minimize any risk of further write-downs in the value of the company and to rebuild value over the next five years. The Transform to Win Program Together will deliver, first of all, a slowdown in the rates of our sales decline and mid-single digit millions of pounds core EBITDA by 2025, and it will support our ambition to return to sales growth by the end of 2026 and to deliver double-digit millions of pounds core EBITDA by 2027.

This multi-year plan is our real North Star. We are so far on track on the glide path of our ambition, but more work has to be done to reach our mid-term and long-term ambition. Our early progress gives us confidence that our plans are working and are durable. We will provide you with regular progress in our upcoming quarterly calls. Now, thank you very much for this first interaction, and I will hand over to Nick to talk about the 2024 results. Nick, over to you.

Nick Cooper:

Thank you, David. So turning to the meat alternative performance, the meat alternative segment continued to experience pressure on the top line in the fourth quarter; but in spite of this, we've been able to deliver full-year performance that's EBITDA neutral and cash positive, with year-on-year gross margin expansion sustained through Q2 to Q4. The impairment that Jesse spoke about largely reflects the ongoing market and top line challenges that the business is facing, and I'll come on to provide some more details of the impairment in a moment.

So starting with sales in the quarter, once again, we need to note that growth is complicated by the accounting and calendar changes that we've spoken about in previous quarters. On a reported basis, Q4 sales declined -1.1%, but they were down -10.8% on a comparable basis that adjusts for those accounting changes. Tailwinds from currency movements were then offset by the adjustment for calendar changes, leaving a like-for-like constant currency decline that was around -12% in the quarter. This underlying performance reflects ongoing shrinkage of the key markets we operate in. Most notably, the UK retail category was down over 7% in the quarter, but we also saw ongoing competitive pressure on our Cauldron brand, and a disappointing performance in our food service business which declined in the quarter.

Core gross margin for the quarter of 21.6% was over 200 basis points up on Q4 2023, largely driven by input cost deflation. This follows year-on-year gross margin expansion in the two prior quarters and delivers approximately 160 basis points of year-on-year expansion for Q2 to Q4. Strong cost control, including the first savings from the restructuring program we announced last quarter, then allowed the business to deliver a Php 149 million positive EBITDA in the quarter and neutral EBITDA for the full year. This disciplined approach to costs extended to our stewardship of cash which saw us close the year cash positive, and I'll talk more about this on the next slide.

So I'll start with our cash accretive performance, which is underpinned by the two charts on the right. First, throughout 2024, we continue to take a disciplined approach to capital investment with a total spend of Php 703 million, coming in below our guidance and significantly below prior years. We do expect this level to rise somewhat in 2025, and we are guiding around Php 1 billion for the year, but we will continue to scrutinize investment in this area very carefully. Secondly, we continue to drive reductions in inventory levels, and we have released a very significant amount of cash as a result over the last 18 months with inventory days dropping from around 160 in 2023 to around 100 at the end of 2024. Through our supply chain transformation program, we're targeting further improvements in 2025 and 2026; and although these are likely to be smaller than past gains, they will form an important part of our cash journey going forward. Then turning to cost discipline, you can see from the chart on the left that we are delivering restructuring cost savings in line with, if not a little ahead of, the numbers we shared with you in Q3; and we are looking for opportunities to deliver further savings and efficiencies over and above these figures as part of our efforts to reach the profit ambition outlined a few moments ago. We'll keep you updated on this.

Finally, I'd like to turn to the further impairment we've announced in Q4. While we can point to important progress on cost and cash during 2024, we cannot get away from the fact that the market outturn and our top line performance has been significantly below our expectations and plans for the year. And this has been the main driver of the impairment we've booked in Q4. As you can see from the chart, the discounted cash flow value of the business has reduced a little more than 100 million pounds to leave us with a 2024 year-end carrying value of 138 million pounds. The drivers of the reduction are a further increase in discount rates which reduces the value by approximately 20 million pounds, and a lower five-year compound annual growth rate assumption which offers a significantly lower top line starting value. The revised five-year compound growth rate of a little less than 2% reflects declines in the near term in the model and growth towards the end of the five-year period. This reduction in carrying value appears in the accounts as an 86 million pound impairment. With that, I'll hand back to Henry for the full year 2025 guidance.

Henry Soesanto:

Thank you. On top line for APAC BFB, we expect mid-single digit growth for the full year. For meat alternative, as David mentioned, we aim to slow down our sales decline through the team's transformation efforts. On profitability, for APAC BFB margin will be broadly in line versus last year, with trends varying quarter to quarter based on our cost savings plans, commodity lock-ins, and base comparisons. For meat alternative, we expect to achieve mid-single-digit core EBITDA in GDP million for the year. With that, we are now ready for Q&A.

Michael Paska:

Thank you, Henry. This concludes our formal comments. I will now moderate the Q&A portion of the call. Questions can be submitted via your chat box. We will attempt to address as many as possible, time permitting.

Jesse, the first question is for you, and this is whether you can elaborate more on the margin guidance for APAC.

Jesse Teo:

So as you can see from the key commodity trends that we shared earlier, our palm oil starts off higher; and then because of the backwardated curves that we have locked in, and as we said we have substantially locked in for almost the full year, we should have lower and lower palm oil prices throughout the year. Moreover, wheat has the same trend; and depending on the effects, which is very favorable these days, the total COGS effect of wheat could be very different from quarter to quarter. So in addition, the base of the different quarters are very different. We have a very high Q1 GM and a much lower GM in Q4, so the comparisons could be different, but overall we expect to be in line with the final full year GM of 2024 for 2025.

Michael Paska:

Thank you, Jesse. Another question for you, and this is if you can comment on whether top line growth in 2025 will be largely driven by price or volume?

Jesse Teo:

It'll be largely from volume.

Michael Paska:

Great. Thank you. Nick, I have a question for you, and this is if you can comment on whether you are on track so far to meeting your EBITDA target in your impairment calculation.

Nick:

Thanks, Mike. Yeah, so it's obviously early on in the year, but we've seen a solid start to the year. So I'm pleased with how the first couple of months have progressed. So, so far I would yes, we are on track to meet our guidance and the first year EBITDA in the impairment model.

Michael Paska:

Great. Thank you. David, the next question is for you, and this is, what are your plans for the US business for Quorn?

David Flochel:

I think so far, the main focus has been spending time on understanding the main drivers of growth, better execution opportunities within the core business UK retail. Second opportunity came also in terms of focus around our food service business, and the next step is going to be to come back with clarity about our ambition for the US business in the coming month. So as we speak, the strategy for the US is to minimize top line decline and also optimize step-by-step profitability, which we know has been challenging so far. We'll come back with more clarity in the coming quarters. We have the plan ready for the US market.

Michael Paska:

Thank you. Jesse, the next question is for you, and this is with the high cash balance and only Php 2.7 billion dividend, how do you plan to deploy the cash?

Jesse Teo:

Thank you, Mike. For cash, we have meaningful CapEx that we'll be spending. As I said, Php 7.5 billion of CapEx, largely Php 6.6 billion of which would be in APAC. We will be funding the construction of the new plant. Moreover, because of the robust cash balance that we have, in order to help us with the overall profitability of the meat alternative business, we are thinking of perhaps infusing cash in order to bring down the borrowing at the meat alternative level to reduce the loss there and to help also the valuation of the meat alternative business that way. More on those plans in the next earnings call.

Michael Paska:

Thank you, Jesse. Jesse, another question for you is, can you comment on the capacity of the new plant?

Jesse Teo:

Overall, once the new plant is fully built, I think it'll deliver more than north of Php 10 billion of sales. However, we will be phasing it. The priority obviously would be the strong business that we have currently. Grahams, as Henry mentioned, is on a roll and we need more capacity for that business. So has SkyFlakes, as we have now been in a share increased glide path. We need both capacity, capacity for Grahams and SkyFlakes immediately, both for domestic and for international businesses. So we will prioritize that. It's a subset of the more than Php 10 billion, but overall the plant, the area footprint of plant should be able to produce more than Php 10 billion in incremental sales.

Michael Paska:

Thank you. Jesse, another question. Can you give more color on what is driving market share gains in noodles?

Jesse Teo:

It is because of our Kasalo Pack, as Henry mentioned. Kasalo Pack has been delivering for us and grabbing share from competition. In fact, competition as you know, has been doing promotions and lowering their prices; but actually in Q4, we increased not only value share but also volume share, which shows the resilience of our brand even amidst price promotions.

Michael Paska:

Thank you, Jesse. Another question is, if you can specifically comment on what led to the 3.7% decline in the "others" category for pricing during the fourth quarter?

Jesse Teo:

So largely, the decline is due to pollard. Pollard is a by-product. When we mill wheat, we mill our own wheat, and when you mill wheat, there is a by-product called pollard. Pollard is sold as animal feed. Because wheat prices have gone down, pollard prices have gone down correspondingly. In fact, the prices for pollard went down 27%, and that's part of others. So that's the one depressing the price mix for others.

Michael Paska:

Jesse, just a general question for you on the Philippines. What is the pricing environment like in the Philippines? Are there plans for price heights in 2025?

Jesse Teo:

We don't comment on specific price comments. But as you can see, we are managing our input costs as much as we can, doing the lock ins, locking in our US dollar exposure in order to prevent us from adding additional burden. However, there are maybe some businesses, some smaller parts of the business that are affected by very high inflation, for instance, cocoa. This forms a smaller part of our business where we really have no choice but to price. But overall, I think we will strive to keep our prices as much as we can, manage our costs internally to be able to deliver margins that are in line with last year. And only when the input cost has dramatic increase will we resort to further pricing in order to recover the margin loss from the high commodity costs, the specific high commodity costs. It'll be more surgical this year than broad-based.

Michael Paska:

Thank you, Jesse. Another question for you, and this is if you can explain the year-over-year market share decline in biscuits in the fourth quarter.

Jesse Teo:

Well, there are more active players in the recent quarter. The number one actually has lost a bit of share. The category has become a little bit more fragmented in Q4. So for us, while we have strong share gains for Graham and SkyFlakes, our other biscuits did not grow as much. But as you saw, our volume growth was pretty robust at 9% for Q4. So it is not a matter of losing volume, but not increasing as much as our other competition. Part of the reason is our supply constraint, especially for M.Y. San Grahams and SkyFlakes. This is the reason why we have to build a new plant. We don't want to lose by default by not being able to supply.

Michael Paska:

Thank you, Jesse. This is a question for Nick. And Nick, this is how much did food service contribute to sales in 2024?

Nick Cooper:

So for the full year 2024, it was just below 19% of our total business, about 19.5% in the fourth quarter.

Michael Paska:

Thank you, Nick. Jesse, a question for you. Are you seeing sustained sales growth momentum so far this year?

Jesse Teo:

It varies on different categories. We will keep our advice to a general full year, mid-single digis growth for now, and we will elaborate the quarter to quarter in the upcoming earnings call.

Michael Paska:

Okay. Another question for you, Jesse, is did we have any sales cuts for noodles in 2024? Sales cuts.

Jesse Teo:

Did we cut?

Michael Paska:

Yeah, did we cut any prices on noodles in '24?

Jesse Teo:

No.

Michael Paska:

Okay, great. Okay, next question, this question is for Nick. The question is, will the impairment losses continue this year? If so, is there any guidance on the expected amount?

Nick Cooper:

Thanks, Mike. So the valuation that I shared reflects our very best view of those future drivers and the future outlook for the business. But as David mentioned, as a management team, we are very focused on the journey to minimizing the risk of further write downs and rebuilding the value of the business over the next five years.

Michael Paska:

Thank you, Nick. Jesse, a question for you. Are we seeing any changes in the Philippine consumer sentiment given improvements from easing inflation and lower rice prices?

Jesse Teo:

Well, one of the big observations we have is our premium biscuit brand SkyFlakes is doing much better. So this bodes well, because that means that there's a bit more money to buy an affordable premium brand like SkyFlakes. So that bodes well, but it has mixed effects on various categories. In some categories they will trade up, some they will trade down, and there's not one clear direction.

Michael Paska:

Thank you, Jesse. Jesse, a question for you on our international sales. How much international sales did we have last year?

Jesse Teo:

International sales is still a small portion. I think it's less than 5% of our APAC branded food and beverage business. It had an okay year last year, but not stellar, although we have made changes that should help us accelerate the export businesses in the coming year.

Michael Paska:

A follow-up question to that is, are we profitable there?

Jesse Teo:

We are. We are very much profitable. Usually we sell our export products at a premium to local.

Michael Paska:

Another question for you, Jesse, on APAC, was down trading help us in the fourth quarter?

Jesse Teo:

There are various ways to look at down trading. For people who are eating more expensive food item to our food item, and within the category, if they're buying cheaper versions of within the category. So far, we have seen a mixed bag of trends. As I said, in biscuits, people are buying the more affordable premium brand of SkyFlakes, but in noodles, probably there's a good growth because people are buying noodles because it's a more economical food item versus the alternatives. So it's a mixed bag of trends. There probably is some category shifting, but within the category there's also some shifting. So there's not one conclusive trend that we can see.

Michael Paska:

Thank you, Jesse. Next question is for Nick. And Nick, can you elaborate on food service during the fourth quarter, what led to the decline in food service?

Nick Cooper:

Sure, Mike. So food service was down about 4% in the fourth quarter. There's probably three things I would call out there. The first is that we're lapping a very strong quarter in Q4 2023. Secondly, in some of our customer groups who are more value focused, we are seeing some cost pressure coming into the category. And I think the third piece is that our new menu wins in the fourth quarter were a little bit below our expectations, and we are taking steps to sharpen up our operational execution there from Q1 onwards.

Michael Paska:

Great. Thank you, Nick. Jesse, next question is for you, and it's if you can provide any updates on new products like Nuvi or Goodnom.

Jesse Teo:

Nuvi is off to a difficult start. We are reworking plans to reinvigorate that brand. Goodnom, while the consumer feedback was strong, we had supply issues, supply-production issues to start with; but the good news is, we were only trading in Luzon prior to this time, but now we have solved the production issues, and now we'll be ready to supply Goodnom nationwide. So we expect that Goodnom will have a stronger trajectory here on.

Michael Paska:

Great. Thank you. Jesse. Henry, I got a question for you, this is a general question, is, any challenges faced so far in the first few months of 2025, and how have you managed these?

Henry Soesanto:

I think we have to remember that we have very strong brand. The outside business environment is not so conducive, but I think we will manage to grow. Let's see. It's too early to tell about the whole year, but we are guiding at mid-single digit for the whole year.

Michael Paska:

Thank you, Henry. Jesse, a question for you, and this is excluding the impact of the US dollar stockpile, could you remind us how much of our raw material costs are dominated in the US dollar?

Jesse Teo:

We have about 200 million net US dollar short position as a group. So this includes our input costs and our export sales. So net for the group, we have 200 million thereabouts net US dollar short position. So having over 100 million stockpile protects us for half of our exposure.

Michael Paska:

Okay, thank you. Jesse, a question for you. Do you expect the upcoming midterm election in the Philippines to be a short-term tailwind for APAC?

Jesse Teo:

Historically, because our products are staples, there has not been, for our categories or noodles, has not been a pronounced blip in demand during election seasons. And so far we have not felt it as well. Let's see. I don't know what will happen near the elections, but so far we don't feel it yet in our business.

Michael Paska:

Okay, thank you. This concludes the Q&A portion of the call. I will now hand the call back over to Henry.

Henry Soesanto:

Thank you, Mike. Thank you everyone for your participation in this call and continued interest in our company. In summary, during the fourth quarter, we continue to have strong core profitability, largely due to lower commodity costs. We expect margin to be broadly in line versus last year, with margin trends varying quarter to quarter based on our cost-saving plans, commodity lock-ins, and base comparisons. While the improvement in meat alternative business is encouraging, our focus remains very much on cost control. The Quorn team is striving to slow down the decline and hopefully back to growth by 2026, and deliver a positive core EBITDA in 2025. And we'll work on this business transformation plans alongside with its new CEO to place the business in a stronger position. With that, I look forward to speaking to you in May when we hold our first quarter earning calls. And until then, stay safe and healthy. Thank you.