Monde Nissin

Transcript of Monde Nissin Corporation (MONDE)
First Quarter 2026 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 first quarter 2026 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; and from the Quorn team, we have with us David Flochel, Chief Executive Officer; and Nick Cooper, Chief Financial Officer. By now, everyone should have access to today's earnings presentation and press release 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 for our first quarter 2026 business performance.

Henry Soesanto:

Thank you, Mike. Good afternoon, everyone. Before we get into the details, I wanted to share the key takeaways for this earnings call. For APAC BFB, top line growth in the first quarter was driven by volume growth across all businesses. Growth was led by our domestic business, which grew 9.5%. This was partially offset by our international business, which declined due to the Gulf crisis. Gross margin was flat year-on-year, but we saw impacts from pricing of actions and our cost management initiatives on sequential basis. We grew sequentially since Q3 2025, with Q1 2026 gross margin over 200 basis points higher quarter-on-quarter, and over 400 basis points higher from the lowest in Q2 2025. The business also saw solid operating cash flow, which doubled versus a year ago, and is more than 100% of our core net income. For meat alternative, which will be the Quorn Protein business moving forward - I'll talk about it further later - we saw continued positive trajectory driven by UK retail chilled and frozen as well as a more stable performance across much of our portfolio. We also saw another quarter of increased growth margin with our year-on-year gross margin progression driven by transformation benefits, lower inventory, and targeted selling price increases. Lastly, EBITDA doubled during the quarter, and EBIT turned positive from negative in Q1 last year. Overall, we would like to highlight that economic impacts stemming from the Middle East conflict were also contained during this quarter. Jesse will discuss all this in more detail. Now, let us move on to our first quarter business updates. Next slide, please.

Our consolidated revenue increased by 9.1% year-on-year. Our APAC BFB business, which comprises 84% of top line in Q1, grew by 8.6% year-on-year. With our growth, we sustain our market leadership positions for Q1 2026. Noodles market share slightly dipped in Q1. On the macro level, our noodle business underperformed the category as our gains in cups were offset by softness in dry pouch. We continue to see the K-curve at play as we enjoy good share growth in cups supported by our double-digit sales growth in the segment. The increasing share of premium players in dry pouch also supports this. To participate in the growing premium segment, we launched Lucky Me! Stir-fried Jjamppong in select chains in Q1, which is performing well so far. Despite the mixed results in market share, our noodles business grew in value and volume across all segments in both general trade and modern trade. We will continue our brand building efforts with several activities in place. Next slide, please.

For biscuits, we maintained the #1 position with market share close to 30%. Our business outperformed the category driven by broad-based gains across the segments, reflecting the stronger performance of the flavor-led and treat-oriented formats. We will sustain brand investments for SkyFlakes, Grahams, Fita, and Nissin Butter Coconut, and work on closing distribution gaps, particularly in Mindanao. We'll also drive awareness and trial for our new formats and continue to scale through stronger execution in regard to availability and in-store visibility. Next slide, please.

For oyster sauce, our market share improved 370 basis points to 63.9%. Mama Sita's continues to drive penetration and consumption for the category. We will continue to emphasize the overall value advantage of oyster sauce over soy sauce to drive category and brand relevance. For beverages, yogurt drink and cultured milk shares declined to 88.5% and 23.4%, respectively, due to supply challenges. As supply challenges are addressed, we expect our brand to regain momentum as we continue above- and below-the-line initiatives from both Dutch Mill and Delight. Next slide, please.

Our UK subsidiary is producing better protein, which is complete in amino acid. It is called mycoprotein from edible fungus fusarium venenatum. In the past, it was basically targeted for producing meat alternatives; but the new trend of consumers demand better nutrition and less processed food. Our protein, which naturally contains fiber, can play in this segment and in other categories too. This is like snacks other than meat alternative. Our snacking segment grew double digits in the past few readings. So I suggest from now on, we call this category the protein business. So our protein business, which comprised 16% of our group top line in Q1, delivered a solid start to the year, showing continuous progress under the Transform to Win Together program. Core EBITDA was more than double in Q1 2025, and we delivered a profit at the EBIT level supported by further gross margin expansion. Sales were marginally down on a like-to-like basis in a market that remains challenged, and we continue to strengthen brand fundamentals with considerations at its highest since 2022, and improve consumer perception on innovation, natural ingredients, taste, and health. These perceptions not only build a stronger foundation for our return to growth but also help us to reframe the brand as a better protein choice with real relevance outside the meat alternative category. We drove growth in two key areas, snacks and frozen ingredients, where we have focus. And finally, Quorn sales in our UK retail business grew year-on-year in both chill and frozen. With that, I will hand it over to Jesse to talk about in more detail the financial performance.

Jesse Teo:

Thank you, Henry. I'm glad to report our financial performance for both APAC BFB and protein business. Let me start with the top line whereas Henry mentioned, we grew 9.1% on a consolidated basis. This is led by the domestic sales of APAC branded food and beverage domestic with Philippines sales, which grew 9.5%. As Henry mentioned, our export business had some hiccups because of our exports to the Middle East, which was zero for the quarter, and that was a derailment of our overall sales growth. Our protein business grew 11.7%. Transparently, much of this growth is on exchange rate as the Sterling appreciated strongly against the Philippine peso. On an organic basis, on a constant currency basis, the growth was 1.4%. I will elaborate more on that top line later on. Next slide, please.

On consolidated gross profit, we grew gross profit by more than 130 basis points, primarily led by almost 900 basis points expansion of gross margin in our protein business. This led to a 13% increase in our absolute gross profit. The gross profit carried over to our core net income attributable to shareholders, where we recorded PHP 3.251 billion of core net income for Q1. This PHP 3.251 billion is a record quarterly core net income. The margin expansion of core net income attributable to shareholders is lower than the gross margin expansion because of A&P investments both in APAC branded food and beverage and the protein business. I'll elaborate a little bit more later on. Our reported net income expanded faster at 34% growth versus year ago. This is largely due to demand cash, mark-to-market revaluation of the guarantee asset. Whereas there was a PHP 290 million loss last year, there was a PHP 210 million gain this year, primarily due to the higher stock price. Again, we will guide everyone to view or judge our performance based on core net income attributable to shareholders. Next slide, please.

Now, to drill down further on our broad-based growth in APAC branded food and beverage, we'd like to share the details of our growth. First of all, the first observation is we grew volume across the board. Second key observation is that despite price increases in both noodles and biscuits, our volumes grew. This reinforces that our brands can sustain pricing. The last thing to highlight is that others' business, which comprise primarily of culinary, package cakes, and beverage, is growing at a double-digit rate. Because of the continuous double-digit growth rate, it is almost 25% or one-fourth of APAC branded food and beverage; and within it, all the key categories that I mentioned - culinary, packaged cakes, and beverage - are all growing at double-digit volume. Even beverage, which Henry mentioned had supply chain hiccups, grew at 10.5%. Next slide, please.

Now on bottom line - wheat, which is now 14% of our APAC branded food and beverage COGS, has good lock in positions. We are almost fully locked in Q2, and we have very substantial lock-ins in Q3. Because of our good volumes, we are pulling forward some of our lock-in positions to supply the near-term strong volume growth that we have. This is good news for us in the short term, but of course it exposes us later on in Q4 if prices continue to be elevated. The current prices are a hundred percentile on a one-year basis, but we are getting our wheat at a much lower cost because of our lock-in positions. On palm oil, it's the same story. It's 7% of our Q1 APAC branded food and beverage COGS. We have very good lock-in positions all the way to Q4. Our lock-in positions are combination of physical contracts and swaps. Q4 and Q3 are primarily swaps, and they're all in the money at this point. Next slide, please.

On coconut oil, it continues to be elevated. However, it has dipped in the last few months, and we have taken advantage of that doing short-term lock-ins until the end of Q2. This protects us from further increases. Due to coconut oil continuing to be high, we have taken not only pricing action, which we explained earlier as one of our key reasons for increase of our top line, and also reformulations. The reformulations are one of the keys for us to be able to restore the gross margin that we lost. We almost have recovered entirely the gross margin we lost due to the edible oil upcharge. Next slide, please.

As I mentioned, gross margin has almost been fully recovered. Versus the peak of 37.1% gross margin in Q1 last year, we are now at 37%. Our absolute gross profit increased by 8.3%, driven by our volume.

A&P increased by 80 basis points, and this is primarily due to a low base. Last year, because of supply chain constraints in our biscuit business and soft volumes of our noddle business, you will recall that we had double-digit declines in our core wet pouch business then, we decided to curtail A&P. The 2.5% of sales is an abnormal A&P rate, which we adjusted to because of the soft volumes then. 3.3% reflects a more normal A&P spend, and thus from a year-on-year basis, there is an increase of A&P as a percent of sales. The higher A&P is the reason why our core EBITDA margins declined, but on absolute will still increase by 2% because of the higher volume in sales. Core net income shows a better margin progression because of our US dollar stockpile. Recall as part of our hedge, because a lot of our input costs are in US dollars, we keep a substantial portion of our excess cash in US dollars, and obviously with USD appreciating versus Philippine Peso, ending March 31 at PHP 60.744, we realized substantial gains in that US dollar stockpile. That's a deliberate hedging strategy for the company, and it helped us in our core net income position. Next slide, please.

For the protein business, sales are up 11.7% on a reported basis, that's on a peso basis, as I mentioned, held largely by the strengthening sterling. On a constant currency basis, the growth was 1.4%; but on like-for-like days - because there are different number of days in Q1 '25, there are more selling days in Q1 '25 than in Q1 '26 - if we adjust for number of days, we actually have a slight decline of 0.8%. This is on lower volumes of 2.1%. The highlight, however, on the financials for our protein business is the almost 900 basis points expansion. The factors that we explained driving this gross margin expansion continue to be there, and we have good lock in positions just like in APAC branded food and beverage for our key input costs, that will help mitigate the increasing prices that we see on a spot basis of our key input costs. Our core EBITDA was more than double and grew 131.4% because of the good gross margin. We fully funded our marketing campaign to sustain the momentum that we have for snacking, and we still expanded EBITDA, our doubled EBITDA. But the key highlight is really after a long while, we finally booked a profit for our protein business. EBIT is positive, and this is one of the key milestones that we are looking for, and we have finally reached it in Q1 2026. Next slide, please.

Lastly, in response to the crisis, we have recalibrated our CapEx plan. We are maintaining almost PHP 1 billion budget for our protein business. However, we adjusted our CapEx plan for APAC branded food and beverage. We paired it down by a billion, to PHP 6.5 billion, majority of which will go towards building our next bakery plan in central Luzon. That ends our prepared remarks, and we are now ready for questions.

Michael Paska:

Thank you, Jesse. I will now moderate our Q&A portion of the call. Questions can be submitted via your chat box. We will attempt to address as many as possible, time per minute.

Jesse, the first question is for you, and the question is, was there any pull forward or advanced orders from trade that accelerated revenue growth? And also a second part of this question is, what caused the quarter-over-quarter market share improvement in noodles? And if you can provide any color on the subcategories, that would be helpful.

Jesse Teo:

So on the pull forward, first of all, our products tend to be bulky, so they're very inefficient to pull forward. Secondly, we follow a very strict revenue recognition rule. Advanced orders are not recognized as inventory unless they are received by our customers, so that's very important. Thirdly, it is widely known that the government requested that we do not take pricing during the months of April. There was a strong request, and being good corporate citizens, we adhered to that request. So there was no pricing anticipation in April that led to a strong March. I think the volume-based growth was broad-based because of all our marketing plans and the recovery of our noodles. Speaking of noodles, noodles had a low base. As I explained, we declined more than double digits in our wet pouch business because of the purchase power issue. I think the circumstances that led to that decreased purchasing power have changed since then, and we are starting to see growth in that wet pouch segment, and we are happy to see that change. The growth is modest, but as mentioned by Henry, it's broad-based, so it's across all segments - dry pouch, wet pouch, and in cup - especially for cups which grew double digits, and that reflects in our overall volume growth. We also took some pricing early in the year just before the crisis; but despite that, the volumes were good, they were not affected by the pricing. And this continues to trend where we were able to grow volume at the time when we had to raise prices. Again, we'd take pricing on manageable chunks, usually 3% to 4%. And because of that, relatively, we are still one of the most economical food item, and that's why I think we continue to win and win back our consumers.

Michael Paska:

Thank you, Jesse. Jesse, another question for you - can you address what drove the 20% year-over-year OpEx growth in the first quarter?

Jesse Teo:

It is largely A&P. For APAC, as I explained earlier, the Q1 '25 base is a low base for A&P. We had that noodles volume issue on the wet pouch, as I mentioned. So in response to that, we cut our A&P spend. And we had supply chain hiccups, machines were being maintained for our bakery business. And so since we were not able to sell the demand, we decided to cut the A&P. So 2.5% A&P as a percent of sales is not a normal base. So we spent a more normal base of 3.3%, and that explains the higher OpEx. There was also obviously logistics costs that has gone up, but that was only 10 basis points for OpEx. For meat alternatives, as I mentioned earlier, we continue to invest in the business. This is not part of the base. There was no investment yet in Q1 '25. And we are investing following the good results that we experienced when we invested in the latter part of '25. We are continuing that, fueling the fire, if you will, in order to sustain the momentum we have for U.K. retail, especially for snacking.

Michael Paska:

Thank you, Jesse. The next question is for David. And the question for you is, you have recently invested behind frozen ingredients. Can you say more about the results? Is it working? And then also related to that question, can you discuss the recent decision to move from referring to Quorn as the meat alternative business to now referring to it as the protein business?

David Flochel:

Thank you, Mike. In Q4 2025 and Q1 2026, we've invested behind our frozen ingredients business, which has been reformulated to be free from any artificial ingredients and as a high source of protein and fiber. And yes, it is working. As a result of that investment, I think we've strengthened the business fundamentals in, let's say, three main areas. The first one, we've been stopping the decline. We've been stopping the double-digit decline that we had seen for several years in the Quorn business of the portfolio, this frozen ingredients business, while we've been bringing new shoppers for the first time since four years within this segment. At the same time as well, I think it's important to highlight that Quorn total frozen food has outperformed the total frozen category and the frozen food itself. The second element I want to highlight is the brand performance metrics. We have seen key brand metrics stable. Highlights for me includes a 5-point increase in brand consideration and the positive perception shifts around innovation, natural ingredients, taste, and health. All of those is helping us to build a platform for Quorn to reposition itself as positive protein choices for all consumers, regardless of whether they're looking to shop meat alternative or not. I think we have the ambition now to reframe our positioning and the category we play into. We want to move from substitute of meat into preferred everyday protein choices with the ambition to win on taste, health, nutrition, affordability, and convenience. And I think we can do that with our unique complete protein, mycoprotein. So more to come on this topic, but we definitely see that on frozen ingredients with, again, the rich source of protein and fiber and no artificial ingredients. We see that in snacking as well with healthier snacks than competition. And we want to continue on that journey to reposition the brand. The last thing I want to say about the campaign is that we have seen somehow some low effect across the portfolio because snacking has been accelerating its growth while we were promoting frozen food and frozen ingredients as well. Finally, I think it's worth noting that all of that has been done while delivering a positive EBIT and self-funding the investment I just talked about.

Michael Paska:

Thank you very much, David. Jesse, I have a question for you, and this is understanding that due to the amount of geopolitical uncertainty, you are not providing mid- and long-term guidance, but could you comment on how Q2 is going so far?

Jesse Teo:

April was a very strong one for us with double-digit growth domestically, and this is led by noodles. Again, it's playing out as what we experienced in the past during times of hardship, crisis. Noodles being an economical food item, as we mentioned, the demand strengthens. And we are seeing that the total growth was 10%, but noodles was higher than that and lifting the overall growth, I guess, due to the times. So far, so good.

Michael Paska:

Thank you, Jesse. Nick, another question for you. Can you comment more on the recent Grocer article guiding to profitable sales growth by the end of the three-year strategic plan?

Nick Cooper:

Sure, Mike. Thank you. So this is around the longer-term guidance around the transformation journey. And you'll recall that when David was introduced to this investor group along with the Q4 2024 results, he outlined an ambition for the turnaround of the protein business, which would see the business back into profit and growth in financial year 2027. And the Grocer’s article has incorporated something similar in its commentary on our recent filing of our 2025 local results. So in relation to that ambition, that ambition for 2027 remains unchanged. We aim as part of the turnaround to get the business back to full year profit and growth in 2027. We clearly, when we set that ambition, hadn't anticipated a war in the Gulf, but so far we don't believe that the impact of the Iran war puts that ambition out of reach, but clearly we need to keep that under review. And it certainly introduces some more uncertainty in the short term. So that leaves us in a position where I think our 2027 ambition remains clear and unchanged, but in the short term, we're not able to provide detailed guidance about what 2026 looks like as a step towards that ambition.

Michael Paska:

Thank you, Nick. I have another question for you. It's two parts. Can we expect gross margins to increase beyond the level of Q1? And then also, if you could clarify that the gross profit and EBIT growth for meat alternatives was on a constant currency basis.

Nick Cooper:

So you saw an exceptionally strong gross margin of almost 32% in the first quarter, so that's up over 800 bps year-on-year, over 400 bps quarter-on-quarter. That's driven by the really impressive progress on our transformation journey, some targeted price increases. And also in the fourth quarter, higher production output. And there has not yet been impact of any Iranian headwinds in the quarter where we have seen some small impacts there that has largely gone into the valuation of our stock. And so the Iranian challenges, although they seem relatively modest at the moment, are in the future. So looking at the upcoming quarters, having said that, I do expect gross margin to contract a little from this exceptionally high Q1 level, but still to deliver year-on-year expansion. And that reflects slightly lower production output and some of those headwinds from the Iran conflict. But I think if Iran remains modest and/or short-lived, I do expect to get back to the gross margin expansion journey as we move towards the end of the year and into 2027, but clearly we need to see what happens from an Iran perspective. And the second part of the question, in terms of that expansion of margins and the year-on-year strong performance, yes, that is also the case at a constant currency level. We are seeing those improvements on a constant currency basis.

Michael Paska:

Thank you, Nick. Jesse, I have a question for you, and this is, when is the new biscuit plant expected to be operational, and how much is it expected to contribute to top line in 2026?

Jesse Teo:

So for 2026, it'll be zero because the line will only be up by first half of '27. So the line, we can produce about PHP 5 billion of sales, that line, that's a target immediately. But we have space for more lines. So potentially that new greenfield factory can produce even bigger sales once we maximize the footprint that we have.

Michael Paska:

Thank you, Jesse. Jesse, another question for you, and this is, are we confident about supply guarantees of raw materials, especially wheat and palm oil until the fourth quarter? Any risk of force majeure by suppliers, especially on the contract prices?

Jesse Teo:

So far, no force majeure issue that we know of. Our wheat is largely sourced from North America, primarily 100% source from North America. There have been no hiccups. Prices have gone up, but supply could used to be stable. But we do have those lock-in positions that will serve us well until Q3. So for palm oil, also majority of that comes from Southeast Asia, Indonesia, and Malaysia. We don't, again, foresee any force majeure issue or no supply constraints. We have primarily physical lock-ins until Q2, and then we have swaps. But even with those swaps, we don't see our suppliers not being able to supply us palm oil.

Michael Paska:

Thank you, Jesse. Jesse, another question for you. And this is, can we expect fairly stable gross profit margin for APAC, given inventory covers already secured?

Jesse Teo:

I think it'll be more volatile as our lock-ins are consumed. If our volume trajectory continues to be strong, obviously, we will be using up the lower price input costs faster. So that's good for the short term, but again, it presents risk on the longer term. Our hope is that the conflict is short-lived and things normalize, and prices go down by the time we had to take positions for Q4. But nobody knows that. We can only be agile day-to-day. And take positions as we read how things will unfold in the conflict.

Michael Paska:

Thank you, Jesse. Jesse, I have several questions on dividends. But essentially, given the strong financial performance, are investors likely to expect additional dividends this year?

Jesse Teo:

During the last earnings call, we said that we have a robust cash balance and we have a very cash-generative business. The cash-generative business was in full display in Q1, where we doubled the cash, free cashflow. And had cash, free cash flow, that is more than 100% of core net income, from PHP 4 billion versus PHP 3.3 billion. That bodes well for us. It boosts our confidence. But again, we'd rather be cautiously optimistic. We don't know the extent and the severity of the Iran war. We are planning. We are trying to be agile to ensure business continuity and to protect margin, reasonably protect margin while still taking care of our consumer. We need to balance the short-term and the long-term needs. And since we don't know how the scenario will play out, it'll be difficult to provide a guarantee. All I can say is because of Q1, we feel a bit more confident because of our strong cash performance in Q1.

Michael Paska:

Thank you, Jesse. A question for you again, this is on the impact of current oil shock to your costs, such as transportation, logistics, utilities, packaging. How much do they account as a percentage of OpEx? And then also related to this is, are there any pricing actions taken, or will be taken, in 2026? And will these offset the cost increases?

Jesse Teo:

So, let me start with electricity. For electricity, we're lucky that seven of our nine plants, the major ones, have lock-in positions. And fortunately, it's not crude oil- based or coal-based powered electricity. So, we are protected both against the rate decreases, rate of generation costs, and also force majeures. We have a locked in position there. For transport, total logistics is about 4.5% of sales for us. We have been modeling how it will go up with different diesel price scenarios. Obviously, we have moved from USD 150, now back to USD 100, and still keeping a worst-case scenario of maybe USD 200. We don't know what will happen. We have some kind of adjustment to know the impact of fuel on our transport costs. Before I talk about pricing, let me talk about packaging. Last time, I talked about resin as a risk. The good news is we have secured resin supply until Q3. So supply looks like in the short and medium term, will not be an issue. However, most of our suppliers cannot commit to any pricing. So right now, the indication is that it could be very, very high. So it's a very high double-, and sometimes triple-digit increases in packaging, primarily resin-based packaging. How do we plan to offset that? In the past, as I said, we balance the need to maintain margins with ensuring that our consumers can still afford our products. So, we take pricing actions in manageable chunks. I will not be able to guide you on exact percentages or exact timing, as we do not signal pricing in a public forum, but I would say that we will maintain our success model that we have implemented in the past when similar crisis was experienced by the business.

Michael Paska:

Thank you, Jesse. I have a question for David, and this question is in regards to how is the food service business doing?

David Flochel:

Thank you, Mike. Food service is slightly less than 20% of our total protein business. And I think the overall business, the sales decline we saw in that channel has stabilized. I think we've progressed through our turnaround plan. If we remember, last year, we started the year with decline close to 7% in Q1, then 4% in Q2, 2% in Q3, and stabilizing in Q4, actually in line as well in Q1. So, stabilization of the business would be the comment on food service. However, in spite of this improvement in the trajectory, there's still a lot of work to be done. And I have to say that we recruited a new leader to lead that business for us. He's now in place, and he's here to drive a return to profitable and sustainable growth in the coming quarters.

Michael Paska:

Thank you very much, David. The next question is for Henry. And this question is basically, how do you think about margins versus sales volume?

Henry Soesanto:

I think it's difficult to predict today. If you look at the headlines today, the inflation rate showed up to 7.2%. That definitely will affect the disposable income of our consumers. And then also, the recent development of peso exchange rate, that will perk up, increase the material costs as well. So, let's see. All of this, if this short-term, then doesn't pose too much threat. But don't forget also, all our brands are the market-dominant brands. Of course, if necessary, we can take pricing, but we are going to do it very, very cautiously, of course.

Michael Paska:

Thank you, Henry. Jesse, I have a question for you, and this is what percentage of COGS comprise palm oil?

Jesse Teo:

We mentioned that 7% in the presentation.

Michael Paska:

Okay. And a couple other parts of this question is, are you launching any new products?

Jesse Teo:

We do not share things that have not been launched, but what we like to emphasize, and I hope people will try it, our new Stir-Fried Jjamppong Dry Pouch. That's our foray into the premium dry pouch. So far, doing quite well. As I mentioned, we have been losing share versus the premium and super premium noodle brands. And we hope with our Stir-Fried Jjamppong, we will start to participate in that growing segment.

Michael Paska:

Thank you, Jesse. This concludes the Q&A portion of the call. I would now like to turn it back over to Henry for closing remarks.

Henry Soesanto:

Thank you, Mike. Thank you everyone for your participation in this call and continued interest in our company. In summary, our APAC BFB business delivered robust top-line growth in the first quarter, supported by volume growth across all categories. We are encouraged by the sequential improvement in gross margin despite ongoing inflationary pressures. For our protein business, sales stabilize at constant currency in Q1, with gross margin expanding almost 900 basic points year-on-year. So we achieved positive EBIT, reflecting steady progress in our ongoing transformation, supported by continued cost reduction and efficiency initiatives. Despite a strong start through the year, we remain mindful of the ongoing uncertainties and inflationary headwinds. We will continue to manage the business prudently while remaining sensitive to our consumers when price adjustments are necessary. With that, I look forward to speaking to you again in August when we hold our first half 2026 earnings call. Until then, stay safe and healthy. Thank you.