



Monde Nissin posts 6.7% consolidated revenue growth for the first nine months, with Quorn UK growing 8.0% in Q3 and Noodles showing strong recovery

- Consolidated revenue for the first nine months of 2022 grew 6.7% to Php 54.9bn as Q3 revenue growth was flat at 0.2%.
 - Asia-Pacific Branded Food & Beverage (APAC BFB) third quarter revenue decreased by 0.8% year-on-year, driven by a decline in Q3 noodle sales, largely offset by strong growth in biscuits and other categories.
 - Meat Alternatives' third quarter revenue increased 7.1% year-on-year on a constant currency basis and 4.2% on a reported basis due to growth in the UK, ROW, and Foodservice, with year-on-year growth continuing in October at 5.9% on a constant currency basis and 4.0% on a reported basis.
- Domestic biscuits and other categories grew 16.1% and 34.0% year-on-year in Q3, respectively.
- Domestic noodles continued strong recovery with October average daily sales volumes up 21% and net invoiced sales value up 32% month-on-month. Domestic noodles net invoiced sales in October increased by 2.4% year-on-year.
- Quorn UK's Q3 revenue grew 8.0% year-on-year on a constant currency basis due to price increases in 1H 2022, strong volume growth in foodservice, and share recovery in the UK retail business.
- Foodservice continued its strong momentum in Q3 with 44.0% year-on-year.
- Core net income attributable to shareholders declined by 20.9% to Php 5.6 bn, reflecting elevated raw material and energy costs partly due to the impact of commodity lock-ins entered earlier in the year, and continued investment in brand building.

- **Reported net income grew 141.8% to Php 5.6 bn due to a low base in 2021 given expenses related to the Arran convertible note, deferred tax liability adjustment in the UK, and IPO-related expenses. Non-recurring items this year were mainly due to derivative gains from the unwinding of cross-currency swap, offset by non-recurring expenses such as a change in the estimated useful life of Quorn PPE, restructuring costs in the UK, impairment of asset in APAC BFB, as well as expenses related to global strategic alignment initiatives, resulting in a non-recurring net loss of Php 10.0 mn.**

MAKATI CITY, PHILIPPINES – November 9, 2022 – Monde Nissin Corporation (“Monde Nissin” or the “Company”; PSE stock symbol: MONDE) announced today its unaudited financial results for nine months ended September 30, 2022. Consolidated revenue for the first nine months grew 6.7% to Php 54.9 bn despite softness in Q3 revenues at Php 17.7bn.

Core gross profit for the first nine months declined by 7.1% to Php 18.2 bn compared to same period last year, while core gross margin for the first nine months declined by 490 bps year-on-year to 33.2% due to elevated raw material and energy costs partly due to the impact of commodity lock-ins entered earlier in the year, partially mitigated by fair price increases.

Core net income attributable to shareholders for the first nine months declined by 20.9% to Php 5.6 bn, primarily driven by a decline in gross profit, increased logistical costs, investments in organizational resources, and A&P investments, partially cushioned by effective US dollar hedge.

Reported net income grew 141.8% to Php 5.6 bn due to a low base in 2021 given expenses related to the Arran convertible note, deferred tax liability adjustment in the UK, and IPO-related expenses. Non-recurring items this year were mainly due to derivative gains from the unwinding of cross-currency swap, offset by non-recurring expenses such as a change in the estimated useful life of Quorn PPE, restructuring costs in the UK, impairment of asset in APAC BFB, as well as expenses related to global strategic alignment initiatives, resulting in a non-recurring net loss of Php 10.0 mn.

Asia-Pacific Branded Food and Beverage (APAC BFB)

APAC BFB net sales for the first nine months increased by 8.3% to Php 43.7 bn, mainly driven by price increases in all categories and volume growth in biscuits and other categories. The domestic business grew 9.2% year-on-year to Php 41.0 bn for the first nine months; while it declined by 0.7% year-on-year to Php 13.1bn in Q3 as the strong growth in biscuits and other categories was offset by the temporary decline in noodles. International revenue declined by 4.1% to Php 2.6 bn for the first nine months, while it decreased by 2.5% year-on-year in Q3 to Php 0.9 bn due to a temporary slowdown as measures to ensure global compliance were strengthened.

Core gross profit for the first nine months decreased by 3.8% to Php 14.3 bn with core gross margin down 420 bps to 32.8% due to commodity cost inflation, partially mitigated by fair price increases. Core EBITDA for the first nine months declined by 14.9% to Php 8.4 bn compared to the same period last year, mainly due to gross profit decline, investments in brand building, and increased logistics costs.

Meat Alternative (Quorn Foods)

Meat Alternative revenue increased on a constant currency basis by 1.0% for the first nine months and by 7.1% in Q3 due to price increases, strong volume growth in foodservice, and share recovery in the UK retail business. On a reported basis, revenue for the first nine months increased by 0.8% to Php 11.2 bn, and by 4.2% to Php 3.8 bn in Q3 compared to the same period last year. While retail sales remain challenged, Quorn UK and ROW posted constant currency growth of 8.0% and 21.4% year-on-year in Q3, respectively. The foodservice business continued its strong momentum, which grew 44.0% year-on-year in Q3.

Core gross profit for the first nine months decreased by 17.4% to Php 3.9 bn, while core gross margin declined by 760 bps to 34.5% as price increases partially mitigated inflation effects and lower volume.

Core EBITDA for the first nine months declined by 67.3% to Php 472 mn due to lower gross profit and investment in organizational resources. Excluding the US business, core EBITDA declined by 39.4% to Php 1.0 bn year-on-year for the first nine months.

Quorn UK took a restructuring provision in Q3 2022 as it rationalizes its supply chain in the UK with the objective of improving efficiency.

in Php mn	Q3 2022	Q3 2022 Reported Growth	9M 2022	9M 2022 Reported Growth
Net sales	17,725	0.2%	54,897	6.7%
APAC BFB	13,963	-0.8%	43,673	8.3%
Meat Alternative	3,762	4.2%	11,224	0.8%
Core gross profit	5,437	-22.0%	18,208	-7.1%
Core EBITDA	2,073	-49.0%	8,836	-21.7%
Core net income after tax	1,550	-45.9%	5,636	-22.2%
Core net income attributable to shareholders	1,546	-46.0%	5,627	-20.9%

in Php mn	9M 2021	9M 2022	9M 2022 Reported Growth
Core net income after tax	7,246	5,636	-22.2%
Other income (expense)	484	(275)	N/M
<i>Foreign exchange gain (loss) – net</i>	157	(148)	N/M
<i>Share in net earnings (losses) from associates and joint ventures</i>	25	18	-28.0%
<i>Gain on sale of PPE</i>	2	4	100.0%
<i>Miscellaneous income</i>	199	66	-66.8%
<i>Impairment (loss) / reversal</i>	101	(215)	N/M
Finance income (expense)	(5,147)	1,262	N/M
<i>Interest expense¹</i>	<i>(1,390)</i>	<i>(126)</i>	N/M
<i>Interest income</i>	80	81	1.3%
<i>Loss on redemption of convertible note</i>	<i>(1,579)</i>	-	N/M
<i>Derivative gains (loss) – net²</i>	<i>(2,258)</i>	<i>1,307</i>	N/M
Other non-recurring expenses	(655)	(1,024)	-56.3%
<i>IPO-related expenses</i>	<i>(655)</i>	-	N/M
<i>Change in estimated useful life of Quorn PPE</i>	-	<i>(523)</i>	N/M
<i>Restructuring costs in Quorn UK</i>	-	<i>(252)</i>	N/M
<i>APAC BFB global strategic alignment initiatives</i>	-	<i>(249)</i>	N/M
Income tax provision ³	399	27	N/M
Reported net income	2,327	5,626	141.8%

N/M = not meaningful %

¹ 2021 interest expense includes bank loans, accretion of interest related to the Arran convertible note, and interest expense from lease liabilities; 2022 interest expense mainly due to interest expense from lease liabilities

² 2021 derivative loss related to the Arran convertible note; 2022 derivative gains pertain to the unwinding of cross-currency swap

³ Income tax effect of Other Income (Expense), Finance Income (Expense), Other Non-recurring Expenses, and one-off credit due to the impact of CREATE act partly offset by a one-off increase due to deferred tax liability adjustment in the UK

Monde Nissin's financial position remains strong with Php 12.4 bn in cash and cash equivalents and stable net debt-to-equity ratio of 0.26. Outstanding debt was at Php 7.0 bn as of September 30, 2022. Operating cash flow was at Php 2.3 bn for the first nine months of 2022.

Concluding Comments

Henry Soesanto, Chief Executive Officer, commented, “Despite continued strong revenue growth for biscuits and other categories, our Q3 noodle sales have been affected by July’s selective recall in the EU, and this translated into flat overall revenues for the third quarter. Our efforts have largely corrected the impact as we have seen significant recovery in October, and we are continuing to work to resume the growth which we have seen earlier this year and last year in this category. Additionally, we have enhanced our sourcing, testing, and overall processes in an effort to ensure that our products adhere to all food quality compliance standards, regardless of what jurisdiction they are sold in.

For Meat Alternatives, our business saw 7.1% growth in revenue at constant currency and increased market share in a very difficult retail environment, while foodservice continued its strong momentum. This continued in October with 5.9% growth on a constant currency basis. However, we realize that market conditions today are very challenging and there is a need to adjust to the current realities despite our view on the longer-term attractiveness of the category. As such, we are implementing a number of restructuring and efficiency measures. Our overall objectives are to continue with new product development and supply chain efficiencies to ensure we are well-positioned to benefit from growth in the category once it resumes.

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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