Serving Up Goodness

Yeo Hiap Seng, Asia's Leading Food & Beverage Group Delivers Improved Core Revenue Growth for H1 FY2021

Key Highlights

- Core Yeo's F&B Revenue grew 14% Y/Y, demonstrating strength in underlying product portfolio
- Net Loss narrowed significantly by 82% Y/Y to $1.2 million.
- Positive momentum from key overseas markets provide foundation for sustainable growth

S$ million	H1 FY2021	H1 FY2020	Y/Y
Revenue	169.3	162.5	+4.2%
Of which Core Yeo's F&B	153.8	134.4	+14.4%
Gross Profit	53.9	47.8	+12.9%
GP Margin	31.9%	29.4%	+2.5pp
Net Profit/(Loss)	(1.2)	(6.7)	+82.1%
Net Margin	-0.7%	-4.1%	+3.4pp
EPS (S cents)	(0.21)	(1.16)	+82.1%

Singapore, 10 August 2021 – Mainboard-listed Yeo Hiap Seng Limited (Yeo's), a leading food and beverage (F&B) group in the region, announced an improved set of H1 FY2021 financial results today. Net loss for the period narrowed substantially to $1.2 million on the back of double-digit growth in core Yeo's F&B revenue and positive momentum from key overseas markets.

Group revenue for H1 FY2021 grew 4.2% Y/Y from $162.5 million to $169.3 million, led by strength from most of our markets. More importantly, core Yeo's F&B revenue grew a strong 14.4% Y/Y to $153.8 million, accounting for 91% of total Group revenue (H1 FY2020: 83%), in line with the strategy to optimise our portfolio and drive better returns.

Across our key markets, growth momentum was the strongest in Malaysia and China (Mainland China and Hong Kong SAR), with revenue for both of these regions rising 21% Y/Y. This is especially encouraging given Malaysia's position as one of our home markets and major revenue contributor to the Group, while China is one of our focus markets driving our next phase of growth. Within the Indochina region, we achieved high double-digit revenue growth in Vietnam, albeit coming off a lower base given it is a relatively newer market for the Group.

Gross Profit for H1 FY2021 increased 12.9% Y/Y to $53.9 million, taking GP margin higher to 31.9% (H1 FY2020: 29.4%). The stronger margin was an outcome of the Group's conscious efforts in improving our sales mix and product portfolio. Coupled with better productivity, the Group was able to significantly reduce our losses by 82% Y/Y to end H1 FY2021 with a net loss of $1.2 million.

Samuel Koh, Yeo's Group Chief Executive Officer said: "I am delighted to report an encouraging set of results for the first half of FY2021. The Group was able to largely narrow our losses despite the harsher operating environment posed by the worsening Covid-19 situation in some of our key markets in Southeast Asia. Despite the ongoing challenges, the strong growth in our core Yeo's F&B revenue and better profit margin is testimony to the strategies that we have put in place – of growing Yeo's core F&B business, accelerating overseas expansion, optimising portfolio and driving productivity. We strive to build on this positive momentum to deliver better earnings quality and value to our shareholders."

Outlook

While we are cautiously optimistic about the growth momentum coming from some of our higher growth markets such as China, the operating outlook of our home markets in Malaysia and Singapore, as well as the neighbouring region remains uncertain due to the worsening and/or new waves of Covid-19 infections in some of these countries.

Governmental measures such as the capacity limitations on dining-in at F&B establishments, various degrees of lockdowns and movement controls not only might impact the demand on Yeo's products, but might pose supply chain and production challenges, as the Group has significant production operations in Malaysia. The Group also potentially faces labour shortages at our production facilities from time to time as governmental measures, which evolve with the pandemic situation, restrict workers' movement.

The Group is pleased to update that our collaboration with Sweden-based oat milk company, Oatly, commenced commercial production in July 2021. The facility has the capacity to produce up to 60 million litres of oat milk a year. Production volume will ramp up gradually based on demand.

As part of Yeo's longer term vision to be the leading Asian company in bringing innovative food and beverage products with natural goodness to our consumers, the Group has also, in July 2021, made a US$1 million investment in the Pre-Series A+ Convertible Preference Shares of Singapore-based, Next Gen Foods Pte. Ltd. (NGF), via YHS Investment Pte. Ltd., a wholly-owned subsidiary of the Group. Backed by Singapore's Temasek Holdings, NGF is in the plant-based food technology business, having launched its first plant-based chicken consumer brand, TiNDLE in March 2021.

Overall, the Management team has been keeping close tabs on the ground situation in our various markets and putting in place various plans to mitigate any potential unfavourable impact from the Covid-19 pandemic. We believe that our strong balance sheet puts us in a good position to navigate through this period of uncertainty and provide us the resources to invest for growth and to future-proof ourselves as the opportunities arise.

About Yeo Hiap Seng Limited (www.yeos.com.sg)

Yeo Hiap Seng is a Singapore-based heritage brand that has pioneered innovations in Asian beverages for more than a century. It is the first in the world to package Asian drinks in Tetra Brik aseptic cartons using UHT process and the first to offer curry chicken in canned form. Yeo's popular range of soy bean and chrysanthemum drinks are widely sold in Asia, Europe and North America.

The Group serves more than 30 markets around the world where the Yeo's portfolio of Asian food and beverages are known for its authentic flavours and exceptional quality. More than 80% of its beverages are from healthier choice products, making them the natural choice among consumers.

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