



FY 2008 Performance Review

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 **Singapore Food Industries Limited**

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Responsibility Statement

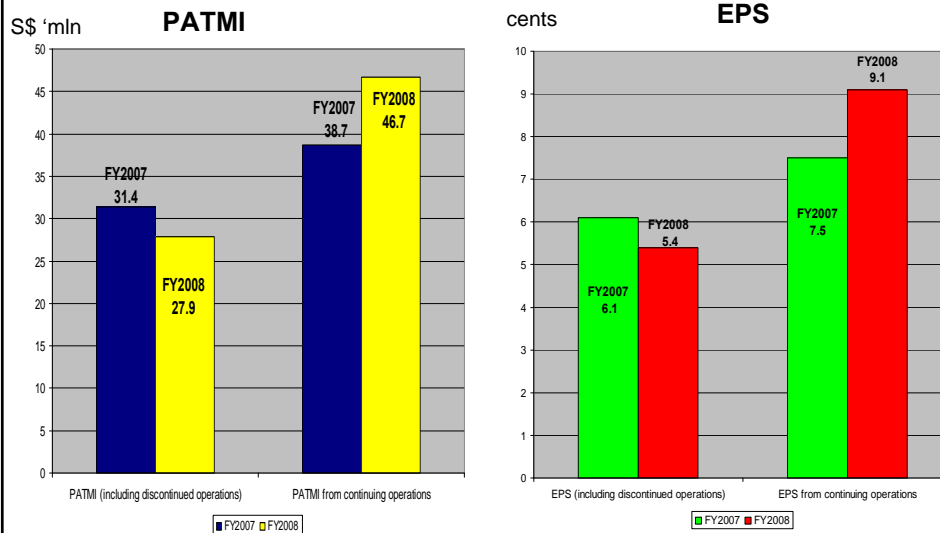
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Earnings at a Glance

FY 2008 vs FY 2007



Note: The discontinued operations relates to Swissco Limited's results, which was placed under liquidation in December 2008.

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Final Dividend for FY2008

The directors are pleased to announce that a final dividend of 3.2 cents per share tax-exempt (one-tier) [2007 : final dividend of 3.2 cents per share tax exempt (one-tier)], has been proposed in respect of the financial year ended 31 December 2008.

This is subject to the approval of shareholders at the Company's coming Annual General Meeting. Shareholders should note the recent change of the Company's majority shareholder, as set out in greater detail in paragraph 9.1 of the SGXNET. Shareholders should also note that in the Offer Document dated 6 February 2009 dispatched to shareholders by Singapore Airport Terminal Services Limited ("SATS") on 9 February 2009, SATS has stated that "the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive the SFI 2008 Dividend, if any. In the event any SFI 2008 Dividend has been paid by SFI to a Shareholder who accepts the Offer, the Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such SFI 2008 Dividend paid by SFI to such accepting Shareholder.". Shareholders should refer to the Offer Document for full details.

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PATMI to PBT FY 2008 vs FY 2007

	S\$' mln		Change (%)
	FY 2008	FY 2007	
PATMI from total operations	27.9	31.4	(11.1)
Minority Interests	2.8	2.5	-
Loss from discontinued operations	18.8	7.3	-
PAT from continuing operations	49.5	41.2	19.9
Tax – Current Year	13.5	15.3	-
Tax – Prior Years Written Back	(4.0)	(0.6)	-
Tax Subtotal	9.5	14.7	-
PBT from continuing operations	59.0	56.0	5.4

	FY2008	FY2007	Change (%)
EPS from continuing operations	9.1 ¢	7.5 ¢	20.4
EPS from total operations	5.4 ¢	6.1 ¢	(11.2)

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PBT before one-offs & FX

(FY2008 vs FY2007)

S\$' mln	FY 2008		Change (%)
	FY 2008	FY 2007	
PBT from continuing operations	59.0	56.0	5.4
- Australian dollar Forex losses / (gains)	1.1	(0.1)	-
- Stock write-down	1.1	-	-
- Liquidation of subsidiary	(0.1)	-	-
- SSTFI reversal of financial guarantee for 2007	(2.6)	2.6	-
- Professional fees- Strategic Options Evaluation	0.7	-	-
[SINGAPORE] Sub-Total	0.3	2.5	-
- Professional fees- Strategic Options Evaluation	0.3	-	-
- Gain on Hythe Road	(4.2)	-	-
- Fair value loss on financial instrument	1.7	-	-
[UK] Sub-Total	(2.2)	-	-
Grants received by Australian subsidiaries	(4.0)	(4.4)	-
- Impairment loss on assets (Australian subsidiaries)	0.8	1.1	-
- Disposal of subsidiary	(0.4)	-	-
- SSTFI-Stock write-downs due to suspension of poultry exports	-	0.7	-
- SFII-Sales of property	-	(0.8)	-
[OTHERS] Sub-Total	(3.6)	(3.4)	-
PBT before one-offs	53.5	55.1	(3.0)
UK impact of exchange on translation	4.0	-	-
PBT before one-offs & FX	57.5	55.1	4.3



PBT before one-offs & FX by Geographical Region

FY 2008 vs FY 2007

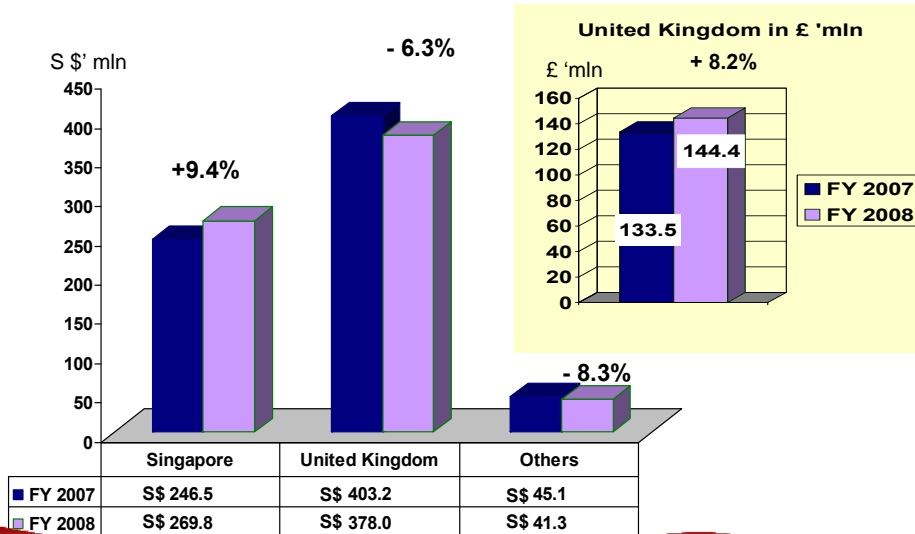
	S\$' mln		Change (%)
	FY 2008	FY 2007	
Singapore	28.5	25.6	11.6
UK	29.0	29.4	(1.0)
Others	(0.1)	0.2	N.M.
PBT before one-offs & FX	57.5	55.1	4.3

Segmental Results



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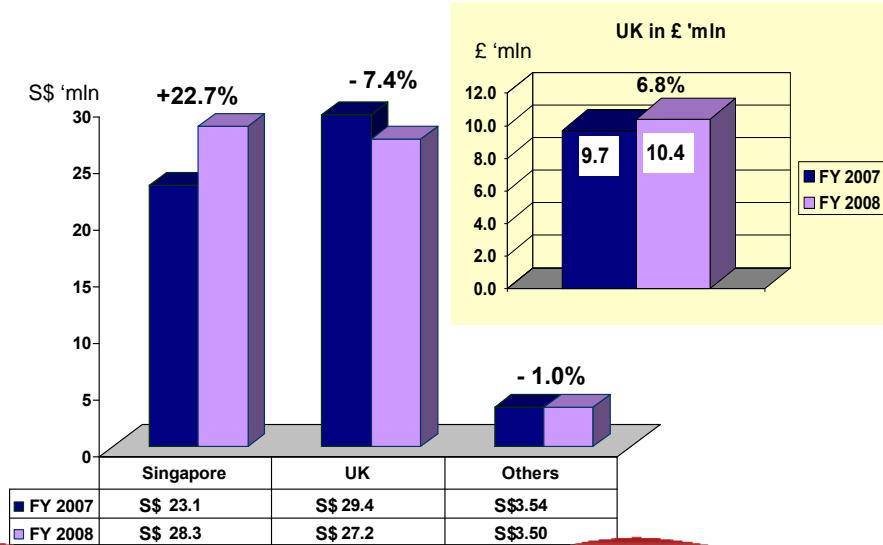
Turnover by Geographical Region FY 2008 vs FY 2007



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PBT by Geographical Region FY 2008 vs FY 2007



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Singapore P&L Summary FY 2008 vs FY 2007

	S\$' mln		Change (%)
	FY 2008	FY 2007	
Sales	269.8	246.5	9.4
Gross Profit	56.7	52.6	7.7
Net Other Income / (expense)	2.7	(1.3)	N.M.
G&A	(31.1)	(28.3)	9.9
PBT	28.3	23.1	22.7
PBT before one-offs & FX	28.5	25.6	11.6

	FY 2008 (%)	FY 2007 (%)
GP Margins	21.0	21.3
G&A	11.5	11.5
PBT Margins	10.5	9.4

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UK P&L Summary

FY 2008 vs FY 2007

('mln)	FY 2008	FY 2007	Change (%)
Sales	S\$378.0 £144.4	S\$403.2 £133.5	(6.3) 8.2
Gross Profit	S\$106.4	S\$121.4	(12.4)
Net Other Income / (expense)	S\$3.5	(S\$2.6)	N.M.
G&A	(S\$82.7) £31.6	(S\$89.5) £29.6	(7.6) 6.6
PBT	S\$27.2 £10.4	S\$29.4 £9.7	(7.4) 6.8
PBT before one-offs & FX	S\$29.0 £9.6	S\$29.4 £9.7	(1.0) (1.0)

	FY 2008 (%)	FY 2007 (%)
GP Margins	28.1	30.1
G&A	21.9	22.2
PBT Margins	7.2	7.3

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UK Sales Summary

FY 2008 vs FY 2007

(' mln)	FY 2008	FY 2007	Change (%)
Daniels	£91.6	£88.1	4.0
ICL	£43.4	£40.6	6.9
Farmhouse Fare	£9.6	£8.8	8.7
UK in £ (Gross)	£144.6	£137.5	5.2
UK in £ (Net)*	£144.4	£133.5	8.2
UK in S\$	S\$378.0	\$403.2	(6.3)

*Excluding inter segment sales

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Others – P&L Summary

FY 2008 vs FY 2007

	S\$' mln		Change (%)
	FY 2008	FY 2007	
Sales	41.3	45.1	(8.3)
Gross Profit	6.6	6.8	(3.4)
Net Other Income / (expense)	3.8	5.0	(23.9)
G&A	(6.9)	(8.3)	(16.9)
PBT	3.5	3.5	(1.0)
PBT (without one-offs)	(0.1)	0.2	N.M.

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By Geographical Location

S\$'000	Turnover		PBT		Assets		Capital Expenditure		ROTA	
	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007
Singapore	269,781	246,530	28,303	23,074	120,505	118,198	4,287	1,831	18.3%	16.3%
United Kingdom	377,969	403,210	27,177	29,350	182,335	214,349	7,833	4,988	2.9%	7.0%
Others	41,300	45,042	3,502	3,537	14,329	23,562	544	997	14.9%	10.5%
Total Overseas	419,269	448,252	30,679	32,887	196,664	237,911	8,377	5,985	3.8%	7.3%
Continuing Operations	689,050	694,782	58,982	55,961	317,169	356,109	12,664	7,816	16.6%	12.7%
Discontinued Operations	18,262	20,101	(18,782)	(7,343)	-	23,266	262	1,558	NA	(28.9%)
Total Operations	707,312	714,883	40,200	48,618	317,169	379,375	12,926	9,374	10.9%	10.5%

%	Turnover		PBT		Assets		Capital Expenditure	
	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007
Singapore	39.2	35.5	48.0	41.2	38.0	33.2	33.9	23.4
Overseas	60.8	64.5	52.0	58.8	62.0	66.8	66.1	76.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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Cash Flows, Balance Sheet Highlights & EVA



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Group Cash Flow Statement FY 2008 vs FY 2007

	FY 2008	FY 2007
Profit for the year (S\$'000)	30,672	33,897
EBITDA Adjustments:		
Share of results of a jointly-controlled entity	9	10
Interest expense	3,993	4,691
Interest income	(806)	(512)
Depreciation and amortisation	18,400	21,442
Income tax expense	9,519	14,711
EBITDA	61,787	74,239
Gain on disposal of property, plant & equipment	(6,362)	(1,228)
Gain on disposal of intangible assets	(24)	0
Impairment loss on intangible assets	439	1,132
Loss on disposal and liquidation of subsidiaries/discontinued operations	10,465	0
Fair value loss on financial instruments	1,699	0
(Gain)/Loss on remeasurement of financial guarantee	(2,600)	2,600
Equity compensation costs	514	238
Unrealised exchange gains on balances held in foreign currencies	(970)	(39)
Allowance for stock & doubtful receivables/stock write off/write downs	4,881	4,051
Impairment loss on oproperty, plant & equipment	342	0
Changes in Working Capital	(9,060)	(20,734)
Income taxes paid	(14,988)	(15,483)
Net Cash Flow from Operating Activities	46,123	44,776
Net Cash Flow from Investing Activities	(2,161)	(12,974)
Net Cash Flow from Financing Activities	(34,345)	(26,947)
Net Cash Flow	9,617	4,855
Cash and Bank Balances at end of period	34,250	26,221
EBITDA as % of sales	9.0	10.7

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Group Balance Sheet

S\$' 000	December 2008	December 2007
Property, plant & equipment	77,855	113,279
Intangible assets	59,271	69,558
JV & other long term assets	1,421	1,547
Inventories	51,611	51,029
Trade and other receivables	90,727	118,698
Cash and bank balances	34,250	26,221
Non-current assets classified as held for sale	3,066	-
	<u>318,201</u>	<u>380,332</u>
Share capital & reserves	131,845	154,304
Minority interest	10,123	10,551
Financial liabilities	53,616	45,310
Trade and other payables	101,722	127,294
Current tax payable	9,102	14,505
Long term liabilities	11,793	28,368
	<u>318,201</u>	<u>380,332</u>
Net current assets/(liabilities)	12,148	8,839

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EVA Statement

FY 2008 vs FY 2007

S\$' 000	FY 2008	FY 2007
Profit for the year	30,672	33,897
Income tax expense	9,519	14,711
Adjustments for:		
(Decrease)/Increase in allowance for doubtful debts	139	(218)
(Decrease)/increase in allowance for stock obsolescence	(401)	152
Amortisation of intangible assets	1,759	2,029
Interest expense	3,993	4,691
Interest expense on non-capitalised leases	247	108
Adjusted Earnings Before Income Tax	<u>45,928</u>	<u>55,370</u>
Less Cash Operating Taxes	11,653	15,710
Net Operating Profit After Tax (NOPAT)	<u>34,275</u>	<u>39,660</u>
Average EVA Capital Employed	256,917	242,576
Weighted Average Cost of Capital	6.6%	6.9%
Capital Charge	16,957	16,738
Economic Value Added (EVA)	<u>17,318</u>	<u>22,922</u>

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Financial Highlights



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Financial Highlights

FY 2008 vs FY 2007

	S\$' mln		Δ Change (%)
	FY 2008	FY 2007	
Turnover	689.1	694.8	(0.8)
Gross Margins (%)	24.6	26.0	(1.4)
PBT	59.0	56.0	5.4
PATMI	27.9	31.4	(11.1)
Net after-tax margins (%)	4.5	4.9	(0.4)
Earnings per share (cents)	5.4	6.1	(11.2)
Earnings per share (cents)-Continuing	9.1	7.5	20.4
Economic Value Added	17.3	22.9	(24.4)
EVA Spread (%)	6.7	9.4	(2.7)

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Financial Highlights

FY2008 vs FY2007

	S\$' mln		Δ Change (%)
	FY 2008	FY 2007	
ROE (%)	19.5	20.7	(1.2)
ROTA (%)	10.9	10.5	0.4
Interest Cover (times)	18.0	14.7	22.4
Debt/Equity Ratio	0.4	0.4	-
Net Assets per Share (cents)	25.5	29.9	(14.7)
EBITDA (\$'m)	61.8	74.2	(16.8)
Capex (\$'m)	12.9	9.4	37.9

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Operations Review



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Singapore Operations FY 2008

- FY 2008 sales grew 9.4 per cent over FY 2007, due to the strong growth registered in the first 6 months of the year.
 - Food Distribution + 6.9 per cent
 - Food Catering +11.2 per cent
 - Abattoir and Auction +18.8 per cent
- PBT in Singapore grew 22.7 per cent, as a result of the higher revenues.
- PBT for FY 2008 and FY 2007 excluding one-offs would have been \$28.6 million and \$25.6 million respectively, and would have registered growth of 11.6 per cent instead of the reported 22.7 per cent.

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Singapore – Updates (FY 2008)

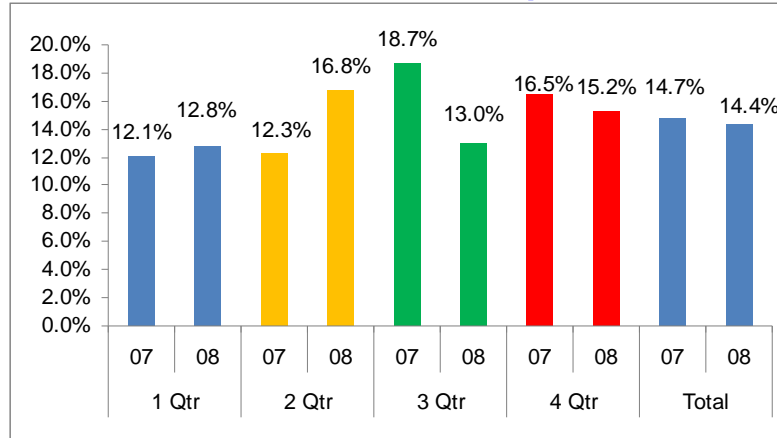
- Food Catering renewed its key contracts
- Food Catering business provided consultancy services to set up food manufacturing plant in UAE
- SFI was awarded the prestigious AVA Food Safety Partner Award for recognition of being a safe food provider in Singapore and in order to receive this award, SFI must meet the criteria of receiving “A” grade for all its factories/operations
- Abattoir and Hog Auction receives the Silver Award for achieving Food Factory with “A” grading for 10 consecutive years
- Singapore operations received an award at the NTUC May Day Awards 2008
- Signed MoU to start a preliminary study on the Pig Farm Area, Sarawak
- Signed MoU with Jilin province government to start a feasibility study to build an integrated pig farm and processing plant and food zone concept
- SFI appointed exclusive sales agent in Singapore for vegetable distribution for Malaysian Agrifood Corporation Berhad (MAFC).
- SFI awarded the runner-up for SIAS Most Transparent Company Award 2008 (Non-electronics Manufacturing category).
- SFI receives ISO 22000:2005 certification.

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Food Distribution – Market Share QoQ

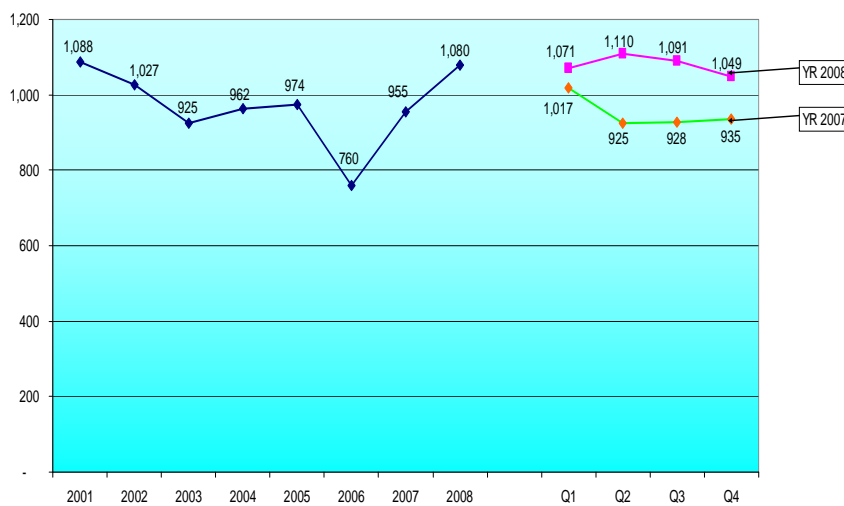
*Estimated market share of imported meats**



Note: * Meats comprise of Chilled/Frozen Pork, Frozen Poultry, Chilled/Frozen Beef

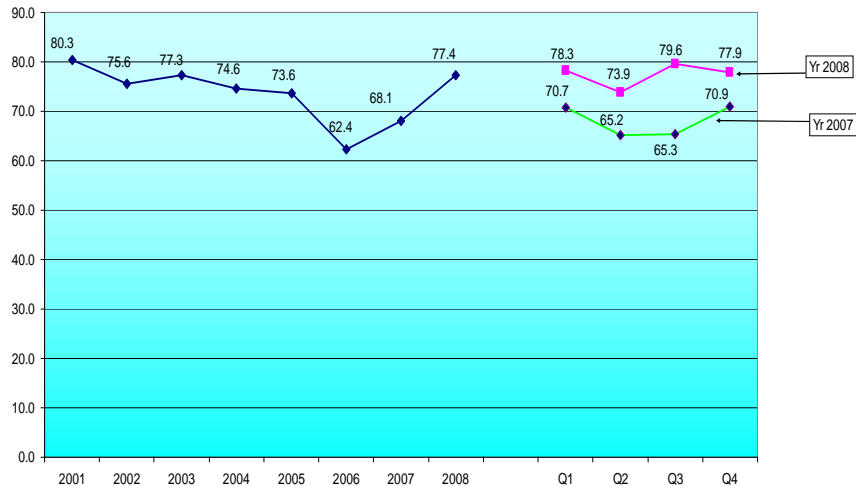


Abattoir & Hog Auction Average No. of Pigs Per Day





Abattoir & Hog Auction Average Weight Per Pig (kg)



Note: Management views pig weight as a lead indicator of future farm productivity

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Key Developments & Outlook Singapore

- Food Distribution reported weak results for the second half of 2008, after a strong 1H performance. Trading conditions are expected to be challenging for FY 2009.
- However, Food Catering is expected to remain stable with price adjustment for cost increases already secured in August 2008 and with improved operating efficiencies.
- Abattoir and Hog Auction business will continue to look for new sources of pig supply to grow its business.
- The announced Singapore Budget cost-saving measures such as Job Credit Scheme, will benefit our business in Singapore.

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UK Operations FY 2008

- UK turnover decreased 6.3 per cent over FY 2007 to \$378.0 million due to the significantly weaker Sterling Pound. Sales grew 8.2 per cent (to \$436.2 million) if 2007's exchange rate was used.
- PBT registered a decrease of 7.4 per cent to \$27.2 million, affected by the weaker Pound (\$4.0 million impact) but mitigated by a net gain of \$2.2 million from one-offs.
- The one-offs included the gain of \$4.2 million on sale of a soup factory site and a fair value loss of \$1.7 million on a financial instrument bought for hedging purposes.
- Excluding the one-offs and using FY 2007 exchange rate, UK would have reported PBT of \$29.0 million, versus FY 2007's \$29.4 million.

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UK – Updates FY 2008

- Daniels Chilled Foods, which produces soup, fresh juice and prepared fruit achieved double digit profit growth in sterling terms. All 3 of its categories grew sales in the full year.
- New Covent Garden soup (our most important brand) continued to dominate the fresh soup market. The key seasonal winter activity was again supported by our sponsorship of the early evening ITV series, Britain's Best Dish
- International Cuisine Ltd (ICL) achieved good growth, outperforming the ready meals market. Profit decline from 2007 was largely due to not recovering the full impact of rising raw material costs.
- Farmhouse Fare (FHF) also achieved above market growth thanks largely to a strong 4th Qtr rally and the introduction of a new customer. The 4th qtr profit recovery was not enough to avoid a loss after amortizing intangibles.

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UK Category Sales Performance FY 2008

Core Category	Sales Growth (%)
Soup	8
Chilled Ready Meals	7
Drinks	4
Fruit	2
Puddings	9

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Key Developments & Outlook UK

- Going forward, the results of the UK operations will no longer be affected by Swissco losses following its liquidation in December 2008.
- Although, the sales of soup has benefited from a cold winter, given the economic situation, the UK operations may face some challenges.

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FY2009 Outlook

***In view of the global economic recession,
FY2009 may be a challenging year.***

***Note: This is management's outlook based on current expectations,
projections and assumptions about the future, not a forecast.***



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Thank You!



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Appendix 1



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PATMI to PBT 4Q 2008 vs 4Q 2007

	S\$' mln		Change (%)
	4Q 2008	4Q 2007	
PATMI	3.9	11.8	(67.1)
Minority Interests	0.2	0.3	-
Loss from discontinued operations	13.6	1.3	-
Tax – Current Year	4.3	6.1	-
Tax – Prior Years Written Back	(1.3)	(0.3)	-
Tax Subtotal	3.0	5.8	-
PBT from continuing operations	20.7	19.2	7.7

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PBT before One-Offs & FX

4Q 2008 vs 4Q 2007

	S\$' mln		Change (%)
	4Q 2008	4Q 2007	
PBT from continuing operations	20.7	19.2	7.7
- Australian dollar Forex losses / (gains)	0.7	0.7	-
- Stock write-down	1.1	-	-
- SSTFI reversal of financial guarantee for 2007	(2.6)	2.6	-
- Professional fees- Strategic Options Evaluation	0.2	-	-
[SINGAPORE] Sub-Total	(0.6)	3.3	
- Gain on Hythe Road	(4.2)	-	-
- Fair value loss on financial instrument	1.7	-	-
[UK] Sub-Total	(2.5)	-	
Grants received by Australian subsidiaries	0.3	-	-
SFII-Sales of property	-	(0.8)	-
[OTHERS] Sub-Total	0.3	(0.8)	
PBT before one-offs	17.9	21.7	(17.4)
UK impact of exchange on translation	2.5	-	-
PBT before one-offs & FX	20.4	21.7	(6.1)

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PBT before One-Offs & FX by Geographical Region

4Q 2008 vs 4Q 2007

	S\$' mln		Change (%)
	4Q 2008	4Q 2007	
Singapore	4.6	6.1	(25.3)
UK	15.1	14.7	2.6
Others	0.7	0.9	(18.2)
PBT before One-Offs & FX	20.4	21.7	(6.1)

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Singapore P&L Summary

4Q 2008 vs 4Q 2007

	S\$' mln		Change (%)
	4Q 2008	4Q 2007	
Sales	65.7	66.0	0.5
Gross Profit	11.7	13.8	(15.2)
Net Other Income / (expense)	1.6	(3.0)	N.M.
G&A	(8.2)	(8.0)	2.7
PBT	5.1	2.8	83.5
PBT before one-offs & FX	4.6	6.1	(25.3)

	4Q 2008 (%)	4Q 2007 (%)
GP Margins	17.8	20.9
G&A	12.4	12.1
PBT Margins	7.8	4.2

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Singapore Operations

4Q 2008

- 4Q 2008 sales in Singapore declined 0.5 per cent over 4Q 2007 due to lower Food Distribution sales.
- Food Catering reported higher turnover as a result of higher consumption at higher prices relative to the same period last year.
- Abattoir and Hog Auction revenues were higher due to higher pig numbers.
- Food Distribution reported \$2.0 million or 5.1 per cent decline in turnover over same quarter last year at significantly lower margins.
- Excluding the one-offs, PBT in Singapore at \$4.6 million for 4Q 2008 declined 25.3 per cent versus \$6.1 million for 4Q 2007.

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UK P&L Summary

4Q 2008 vs 4Q 2007

('mln)	4Q 2008	4Q 2007	Change (%)
Sales	S\$120.4 £49.6	S\$130.2 £43.6	(7.5) 14.0
Gross Profit	S\$36.1	S\$41.2	(12.5)
Net Other Income/(expense)	4.7	(S\$0.8)	N.M.
G&A	(S\$25.6) £10.6	(S\$25.7) £8.6	(0.1) 23.2
PBT	S\$15.1 £6.0	S\$14.7 £4.9	2.9 21.6
PBT before one-offs & FX	S\$15.1 £6.8	S\$14.7 £6.6	2.6 3.7

	4Q 2008 (%)	4Q 2007 (%)
GP Margins	29.9	31.6
G&A	21.3	19.7
PBT Margins	12.6	11.3

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UK Sales Summary

4Q 2008 vs 4Q 2007

(' mln)	FY 2008	FY 2007	Change (%)
Daniels	£31.1	£31.2	(0.3)
ICL	£13.9	£12.0	16.3
Farmhouse Fare	£4.7	£3.4	36.3
UK in £ (Gross)	£49.7	£46.6	6.6
UK in £ (Net)*	£49.6	£43.6	14.0
UK in S\$	S\$120.4	\$130.2	(7.5)

*Excluding inter segment sales

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UK Operations 4Q 2008

- Sales at \$120.4 million was 7.5 per cent lower.
- PBT increased 2.9 per cent to \$15.1 million.
- Using the same exchange rate as 4Q 2007 and excluding one-offs, sales would have grown 14.1 per cent, while PBT would have increased by 2.6 per cent.

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Others – P&L Summary 4Q 2008 vs 4Q 2007

	S\$' mln		Change (%)
	4Q 2008	4Q 2007	
Sales	15.5	18.9	(18.2)
Gross Profit	2.6	2.9	(13.0)
Net Other Income / (expense)	(0.5)	1.2	(142.6)
G&A	(1.6)	(2.5)	(35.3)
PBT	0.4	1.7	(76.2)
PBT (without one-offs)	0.7	0.9	(18.1)

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