



Singapore Food Industries Limited

Third Quarter 2005 Performance Review

Joint Media/Analysts Briefing

by

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20 October, 2005

Agenda

- Overview
- Financial Highlights
- EVA, Cash Flows and Balance Sheet
- Segmental Results
- Operations Review
- FY2005 Outlook
- Interim Dividend for FY2005



- Sales in 9M2005 increased 0.7% to \$417.2m (9M2004: \$414.2m)
- PBT for 9M2005 at \$30.4m comparable to 9M2004
- PBT margins maintained at 7.3%
- PATMI decreased 5.2% to \$21.1m (9M2004: \$22.3m)
- Overseas turnover grew 4.2% over 9M2004 while Singapore turnover declined 3.6%
- Interim dividend of gross 2.2 cents per share (2004: 2.0 cents per share). Net dividend per share of 1.76 cents (2004: 1.6 cents per share)





Singapore Food Industries Limited

Financial Highlights

Mastering the Competitive Landscape

Financial Highlights

(9M2005 vs 9M2004)

\$'m	9M2005	9M2004 (Restated)	%▲
Turnover	417.2	414.2	0.7
Gross Margins (%)	26.4	27.2	(0.8)
PBT	30.4	30.4	-
PATMI	21.1	22.3	(5.2)
Net after-tax margins (%)	5.3	5.5	(0.2)
Earnings per share (cents)	4.2	4.4	(6.2)
Economic Value Added	14.0	16.2	(13.9)
EVA Spread (%)	8.7	11.9	(3.2)



Financial Highlights

(9M2005 vs 9M2004)

	9M2005	9M2004	%▲
		(Restated)	
ROE (%)	21.4	25.2	(3.8)
ROTA (%)	10.0	11.2	(1.2)
Interest Cover (times)	12.6	20.3	(37.8)
Debt/Equity Ratio	0.5	0.4	
Net Assets per Share (cents)	26.4	23.6	11.8
EBITDA (\$'m)	46.9	45.7	2.6
Capex (\$'m)	11.1	27.7	(59.9)





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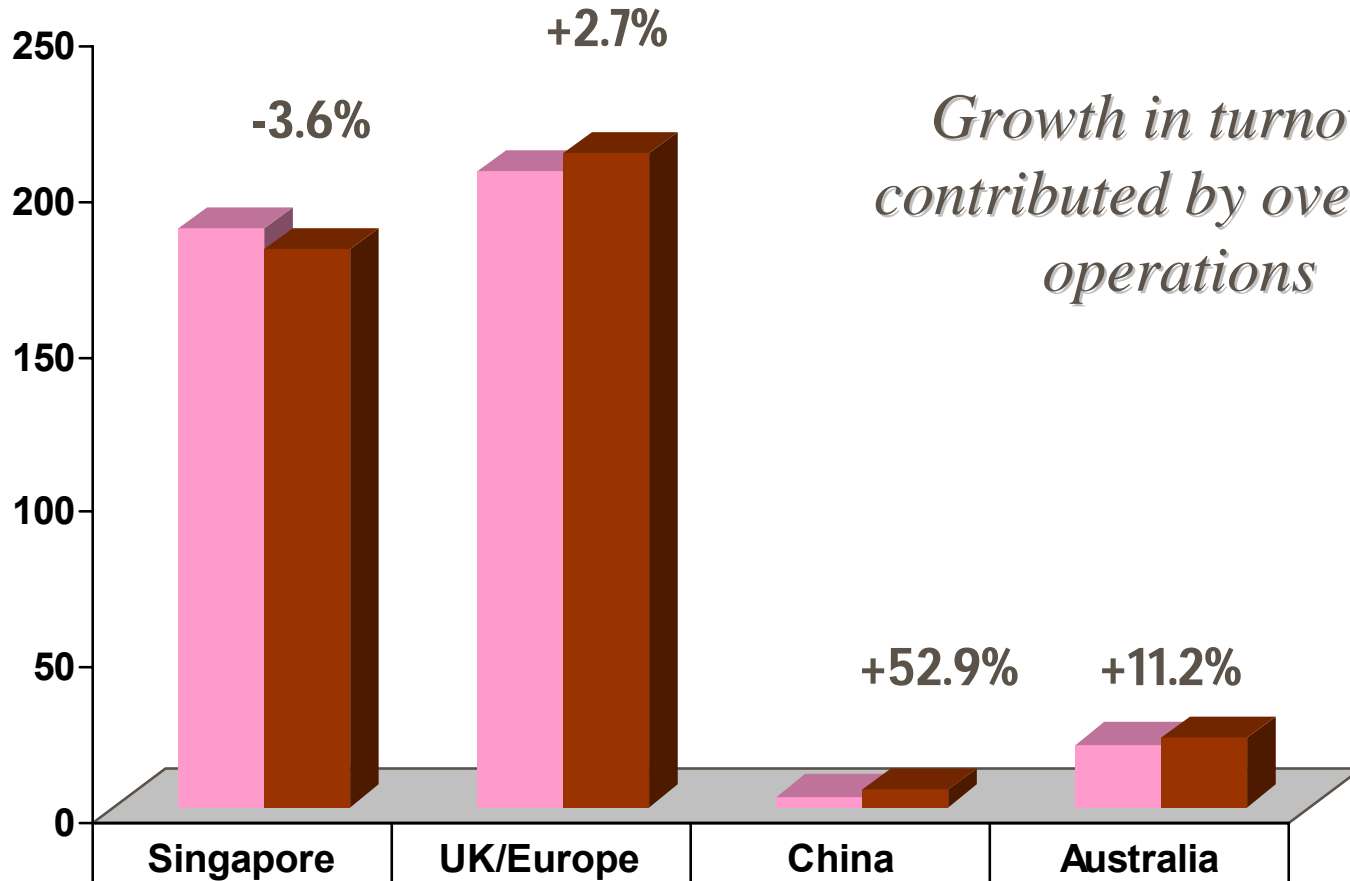
Segmental Results

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Turnover by Geographical Region

(9M2005 vs 9M2004)

(\$/m)

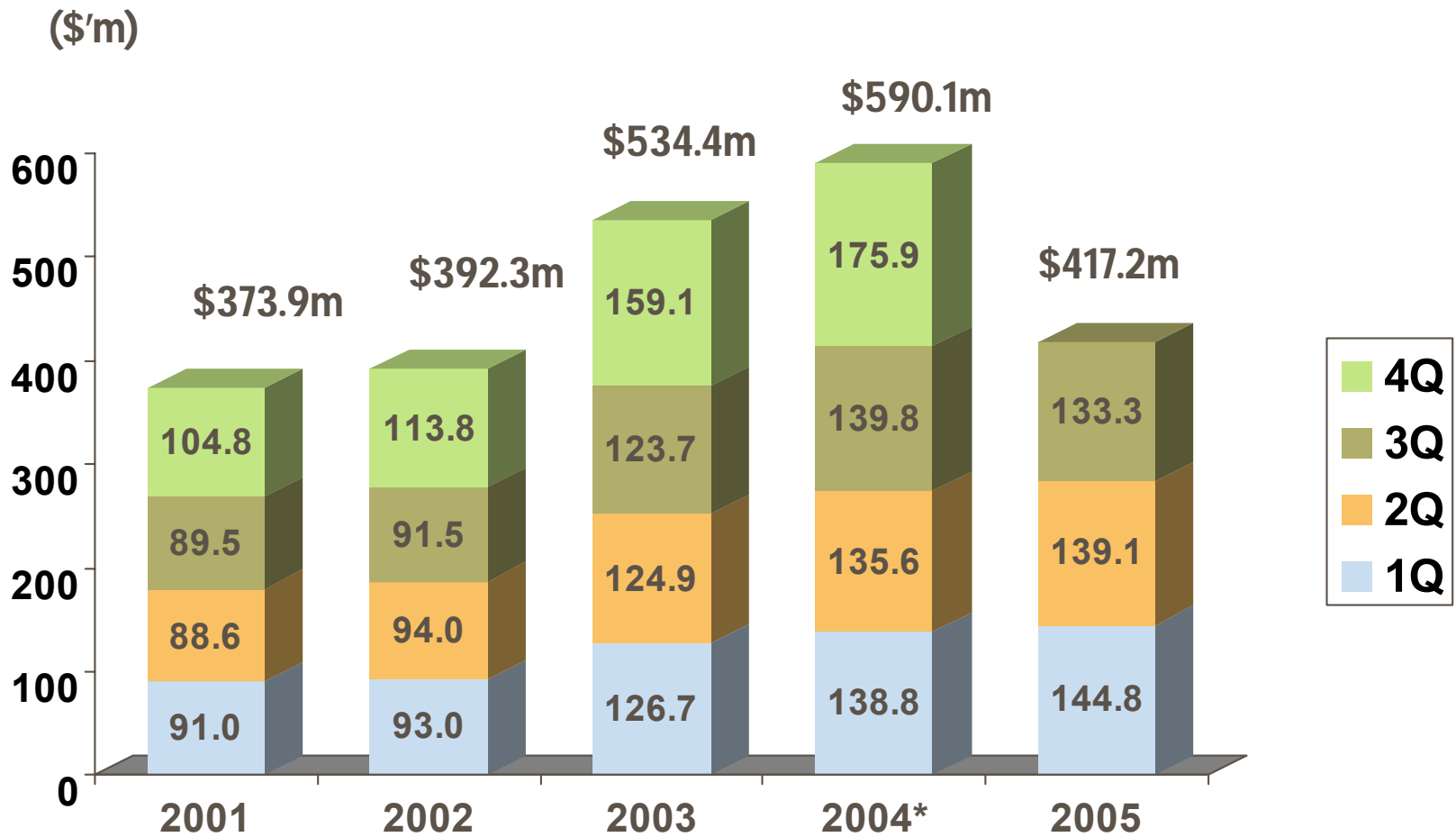


	Singapore	UK/Europe	China	Australia
9M 2004*	186.2	204.6	3.4	20.0
9M 2005	179.5	210.2	5.3	22.2

* Restated



Turnover by Quarters

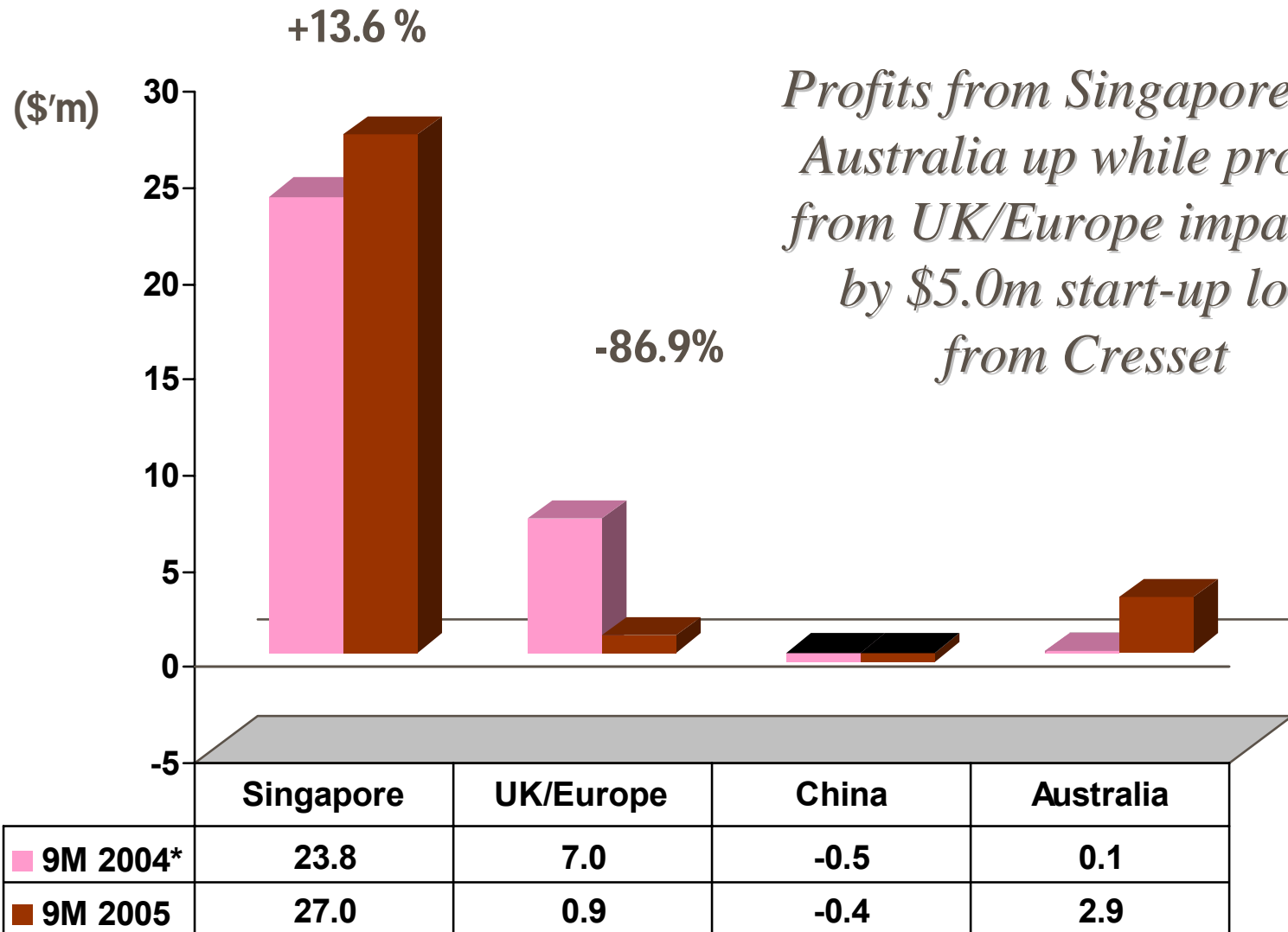


* Restated



PBT by Geographical Region

(9M2005 vs 9M2004)

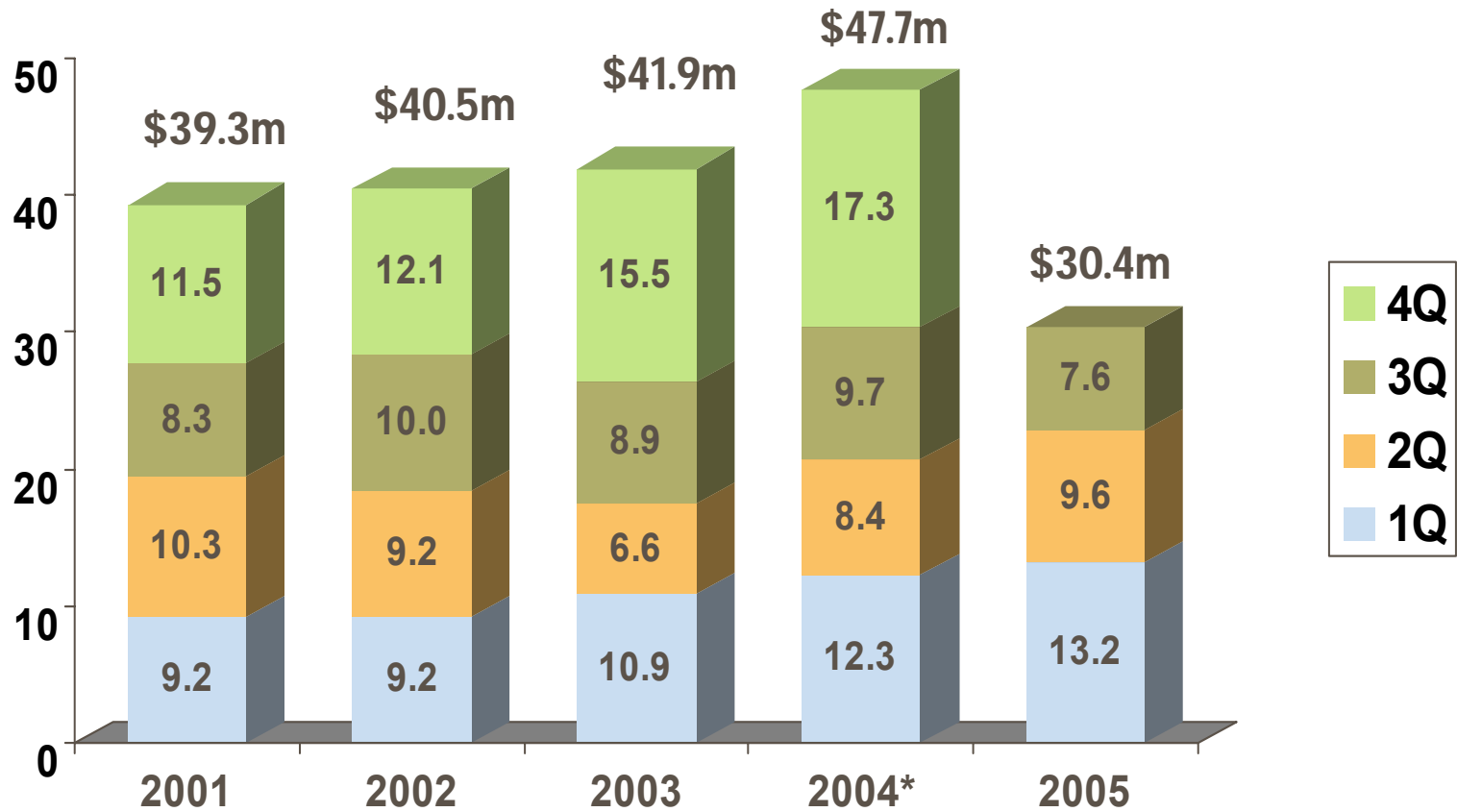


* Restated



PBT by Quarters

(\$'m)

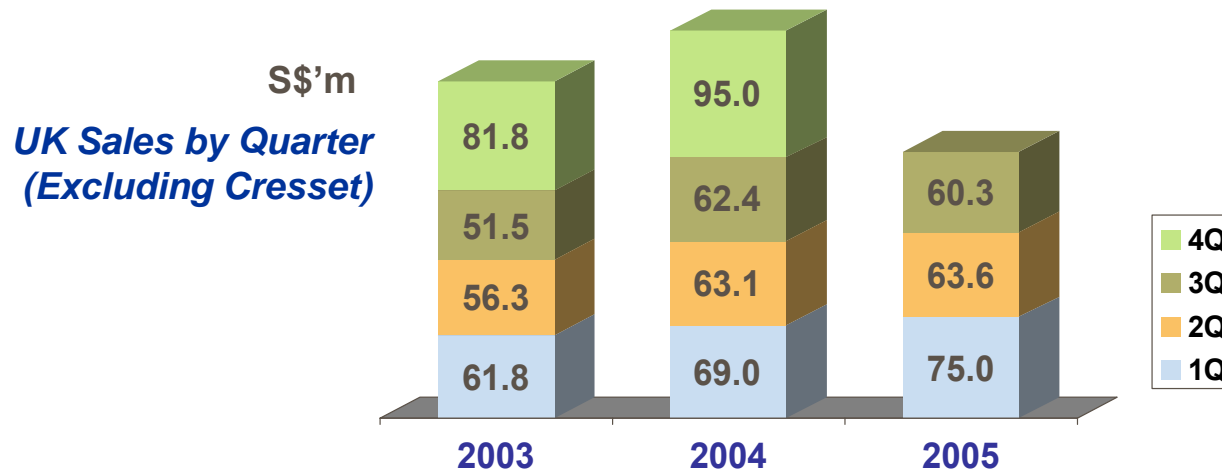


* Restated



The Seasonally Low 3rd Quarter Phenomenon

- Seasonality is a significant factor in UK performance



- Additionally, 3Q2005 had higher operating costs arising from new production facilities, for which sales uplift in Daniels could not yet sufficiently support in a seasonally low sales quarter. There has also been a substantial reduction in non-core salads business.
- Sales commitments in pipeline will fill increased production capacities in forthcoming quarters
- 4Q sales traditionally significantly stronger. Volumes better able to support this level of overheads.





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EVA, Cash Flows and Balance Sheet Highlights

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EVA Statement

(9M2005 vs 9M2004)

S\$'000

	9M 2005	9M 2004 (Restated)
Profit Before Taxation	30,366	30,392
Adjustments for:		
Decrease in general provision for doubtful debts	(357)	(769)
Increase in general provision for stock obsolescence	1	91
Goodwill & other adjustments	0	1,828
Interest expense	2,612	1,579
Interest expense on non-capitalised leases	77	97
Adjusted Earnings Before Income Tax	32,699	33,218
Less Cash Operating Taxes	8,579	7,182
Net Operating Profit After Tax (NOPAT)	24,120	26,036
Average EVA Capital Employed	214,936	181,918
Weighted Average Cost of Capital	6.3%	7.2%
Capital Charge	10,155	9,823
Economic Value Added (EVA)	13,965	16,213



Group Cash Flow Statement

(9M2005 vs 9M2004)

S\$'000	9M 2005	9M 2004 (Restated)
Profit before taxation	30,366	30,392
EBITDA Adjustments:		
Share of loss of a jointly controlled entity	5	4
Interest expense	2,612	1,579
Interest income	(297)	(193)
Depreciation and amortisation	14,209	13,910
EBITDA	46,895	45,692
Gain on disposal of property, plant and equipment and intangible assets	(37)	(1,722)
Provision for diminution in value of other financial assets	45	0
Provision for fair value of share-based compensation expenses	496	258
Changes in Working Capital	(7,169)	14,416
Income taxes paid	(7,439)	(9,653)
Net Cash Flow from Operating Activities	32,791	48,991
Net Cash Flow from Investing Activities	(10,742)	(31,481)
Net Cash Flow from Financing Activities	(24,190)	(10,935)
Net Cash Flow	(2,141)	6,575
Cash and Bank Balances at end of period	13,560	16,679



Consolidated Balance Sheet

S\$'000	September 2005 ^r	June 2005	December 2004 (Restated)
Property, Plant & Equipment	137,059	139,286	145,161
Intangible assets	46,708	46,761	46,703
JV & other long term assets	1,642	1,671	1,922
Inventories	34,903	31,006	35,175
Trade & other receivables	87,705	86,828	96,270
Cash and bank balances	13,560	17,589	15,665
Bank overdrafts	(8,978)	(8,586)	(17,116)
Trade & other payables	(95,693)	(98,178)	(119,567)
Current portion of bank loans	(23,333)	(28,337)	(21,765)
Provision for taxation	(13,905)	(15,176)	(13,418)
Long Term Liabilities	(35,915)	(35,043)	(31,079)
	143,753	137,821	137,951
Share Capital & Reserves	134,530	128,164	129,187
Minority Interests	9,223	9,657	8,764
	143,753	137,821	137,951





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Operations Review

Mastering the Competitive Landscape

Food Distribution

for the nine months ended 30 September 2005

	9M005	9M2004*	%Δ
Turnover	\$102.4m	\$101.6m	0.8
PBT	\$9.2m	\$7.6m	20.8

** Restated*

- Sales to wholesale, small supermarket chains, wet and dry markets, exports and food service were higher, while sales to major supermarkets and government institutions declined
- PBT increased due to significantly lower operating costs for the nine months compared to 9M2004



Food Preparation, Mfg & Processing

for the nine months ended 30 September 2005

	9M2005	9M2004*	%Δ
Turnover	\$298.5m	\$297.4m	0.4
PBT	\$15.5m	\$18.0m	(14.1)

** Restated*

Singapore

- Catering revenues continued to be impacted by
 - 5-day work week since Oct 2004, and
 - reduction in full-time National Service period since Jan 2005
- PBT helped by lower raw material costs compared to 9M2004



Food Preparation, Mfg & Processing

for the nine months ended 30 September 2005

Overseas

- Overseas subsidiaries registered a combined turnover of \$237.7m, an increase of \$9.6m or 4.2% over 9M2004
- Daniels turnover increased 10.2% to \$130.1m
 - Soup sales grew 14%
 - Prepared fruit sales grew 67%
 - Juice and drinks sales also registered double digit growth
- PBT for Daniels at \$3.5m declined \$1.2m compared to 9M2004 due to increased depreciation charge from capex incurred in late 2004. The resultant increase in capacity is being filled with the winning of new contracts in all core categories.



Food Preparation, Mfg & Processing

for the nine months ended 30 September 2005

Overseas

- ICL sales fell 10.1% to \$68.7m
 - Consumption of ready meals not fully recovered from Sudan I food scare since February 2005
 - Actions by key customers such as supply base rationalisation, waste management and new promotional programmes have impacted sales in 9M2005
- PBT was \$0.3m lower at \$2.4m due to lower sales
- Cresset, acquired in March 2004, reported sales of \$11.3m for 9M2005 (\$10.1m in 2Q and 3Q2004)
 - CRM supply to a second key customer began in early September 2005, as anticipated
- Loss of \$5.0m due to start-up and full overhead costs for new CRM plant



Food Preparation, Mfg & Processing

for the nine months ended 30 September 2005

Overseas

- Combined turnover from Australian subsidiaries increased by 11.2% to \$22.2m due to
 - higher exports of scallops, and
 - higher billings for facilities management
- Australian operations reported profit of \$2.9m (9M2004: \$0.1m)
- Shanghai STFI sales increased 52.9% to \$5.3m due to higher exports and frozen ready-meals. Loss of \$0.4m (9M2004: \$0.5m loss)



Abattoir & Hog Auction

for the nine months ended 30 September 2005

	9M2005	9M2004*	%Δ
Turnover	\$16.2m	\$15.2m	6.4
PBT	\$5.7m	\$4.8m	19.6

** Restated*

- Slaughter and auction numbers were higher at 1,050 and 967 pigs per day respectively (9M2004: 1,012 and 911 respectively)
- PBT increased \$0.9m in line with \$1.0m increase in revenue





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FY2005 Outlook

Outlook

Singapore Operations

- Food Distribution
 - Growth in sales to food service, small supermarkets, ship supplies and exports expected to continue
 - Growth in profitability for FY2005
- Food Catering
 - Negative impact on consumption, due to implementation of 5-day work week and reduced period for full-time National Service, will continue for rest of FY2005
 - FY2005 expected to be comparable to FY2004
- Abattoir & Hog Auction
 - 4Q2005 pig supply from sole supplier farm expected to be lower
 - Growth in profitability for FY2005



Outlook

Overseas Operations

- Daniels
 - Expected to deliver growth in all its core product categories
 - Growth of New Covent Garden soup from additional winter listings and increased distribution
 - Own label soup supply to major retail customer expected to commence soon
 - New food service accounts secured for juice will deliver growth for FY2005
 - Strong growth in prepared fruit business expected to continue for rest of FY2005
 - New Covent Garden sauces re-launched with improved products and higher prices



Outlook

Overseas Operations

- ICL
 - Own label in the UK chilled ready meals market remains highly competitive
 - New product launches scheduled for a key customer in 3Q2005 delayed to later part of 4Q2005
 - ICL expected to deliver weaker performance in FY2005
- Cresset
 - CRM business has improved with start of supply to second key customer since early September 2005
 - Cash breakeven and smaller losses expected for 4Q2005



Outlook

Overseas Operations

- Australia
 - FY2005 performance better than FY2004 (9M2005 PBT of \$2.9m vs FY2004 PBT of \$0.7m)
- Shanghai STFI
 - Strategy to diversify into new product categories and new market channels meeting with success
 - New frozen 'meal-solution' products targeted at food service outlets have taken off with key customer accounts secured
 - Export sales helped by promotions expected to be strong





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FY2005 Outlook

The outlook for FY2005 is for earnings to be higher than that for FY2004

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

Interim Dividend for FY2005

- Higher interim dividend
 - Gross dividend of 2.2 cents per share, less tax (or 1.76 cents net) will be paid.
(2004: Gross 2.0 cents per share less tax, or 1.6 cents net)
 - Book closure on 12 to 13 January 2006, for purpose of determining entitlements
 - Dividend payable on 25 Jan 2006

Dividend policy is 60-70% of net earnings, subject to capital/investment requirements

Interim Dividend declared after 3Q results; Final Dividend declared after Full Year results



Thank You

This presentation contains certain statements that are not statements of historical fact, i.e. forward-looking statements. Readers can identify some of these statements by forward-looking terms such as 'expect', 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', 'could' or similar words. However you should note that these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements are made based on current expectations, projections and assumptions about future events. Although SFI believes that these expectations, projections and assumptions are reasonable at the time of making them, these forward-looking statements are subject to risks (known and unknown), uncertainties and certain assumptions about SFI, its business operations and the environment it operates in. Actual future performance, outcomes and results may therefore differ materially from those expressed in forward-looking statements. Representative examples of these risk factors include (without limitation) general industry and economic conditions, outbreak of animal disease, food scares, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sales /manufacture/distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

