



Singapore Food Industries Limited

Third Quarter 2006 Performance Review

Joint Media/Analysts Briefing

by

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Overview

(3Q2006 vs 3Q2005)

TURNOVER

<u>S\$'M</u>	3Q 2006	3Q 2005	Δ	$\Delta\%$
Singapore	54.0	60.9	(6.9)	(11.4)
Overseas	88.9	72.4	16.5	22.8
	142.9	133.3	9.6	7.2

PBT

<u>S\$'000</u>	3Q 2006	3Q 2005	Δ	$\Delta\%$
Singapore	5.7	9.3	(3.6)	(38.9)
Overseas	0.6	(1.7)	2.3	N.M.
	6.2	7.6	(1.3)	(17.7)

- PBT for 3Q2006 decreased \$1.3m (17.7%)
 - Abattoir & Hog Auction \$1.5m ↓
 - Food Distribution \$1.6m ↓
 - Food Preparation/Manufacturing \$1.8m ↑



TURNOVER

<u>S\$'000</u>	9M2006	9M2005	Δ	$\Delta\%$
Singapore	172.7	179.5	(6.8)	(3.8)
Overseas	267.4	237.7	29.7	12.5
	440.1	417.2	23.0	5.5

PBT

<u>S\$'000</u>	9M2006	9M2005	Δ	$\Delta\%$
Singapore	17.4	27.0	(9.7)	(35.8)
Overseas	9.3	3.3	6.0	179.3
	26.7	30.4	(3.7)	(12.2)

- PBT for 9M2006 decreased \$3.7m (12.2%)
 - Abattoir & Hog Auction \$4.2m ↓
 - Food Distribution \$2.4m ↓
 - Food Preparation/Manufacturing \$3.5m ↑
 - Winding-up loss of \$0.6m





Singapore Food Industries Limited

Financial Highlights

Financial Highlights

(9M2006 vs 9M2005)

\$'m	9M2006	9M2005	% ▲
Turnover	440.1	417.2	5.5
Gross Margins (%)	25.8	26.4	(0.6)
PBT	26.7	30.4	(12.2)
PATMI	18.4	21.1	(12.9)
Net after-tax margins (%)	4.3	5.3	(1.0)
Earnings per share (cents)	3.6	4.2	(13.7)
Economic Value Added	9.5	14.0	(31.9)
EVA Spread (%)	5.7	8.7	(3.0)



Financial Highlights

(9M2006 vs (M2005)

	9M2006	9M2005	%▲
ROE (%)	17.4	21.4	(4.0)
ROTA (%)	8.8	10.0	(1.2)
Interest Cover (times)	11.4	12.6	(9.2)
Debt/Equity Ratio	0.4	0.5	
Net Assets per Share (cents)	28.2	26.4	6.8
EBITDA (\$'m)	41.7	46.9	(11.2)
Capex (\$'m)	7.4	11.1	(33.5)



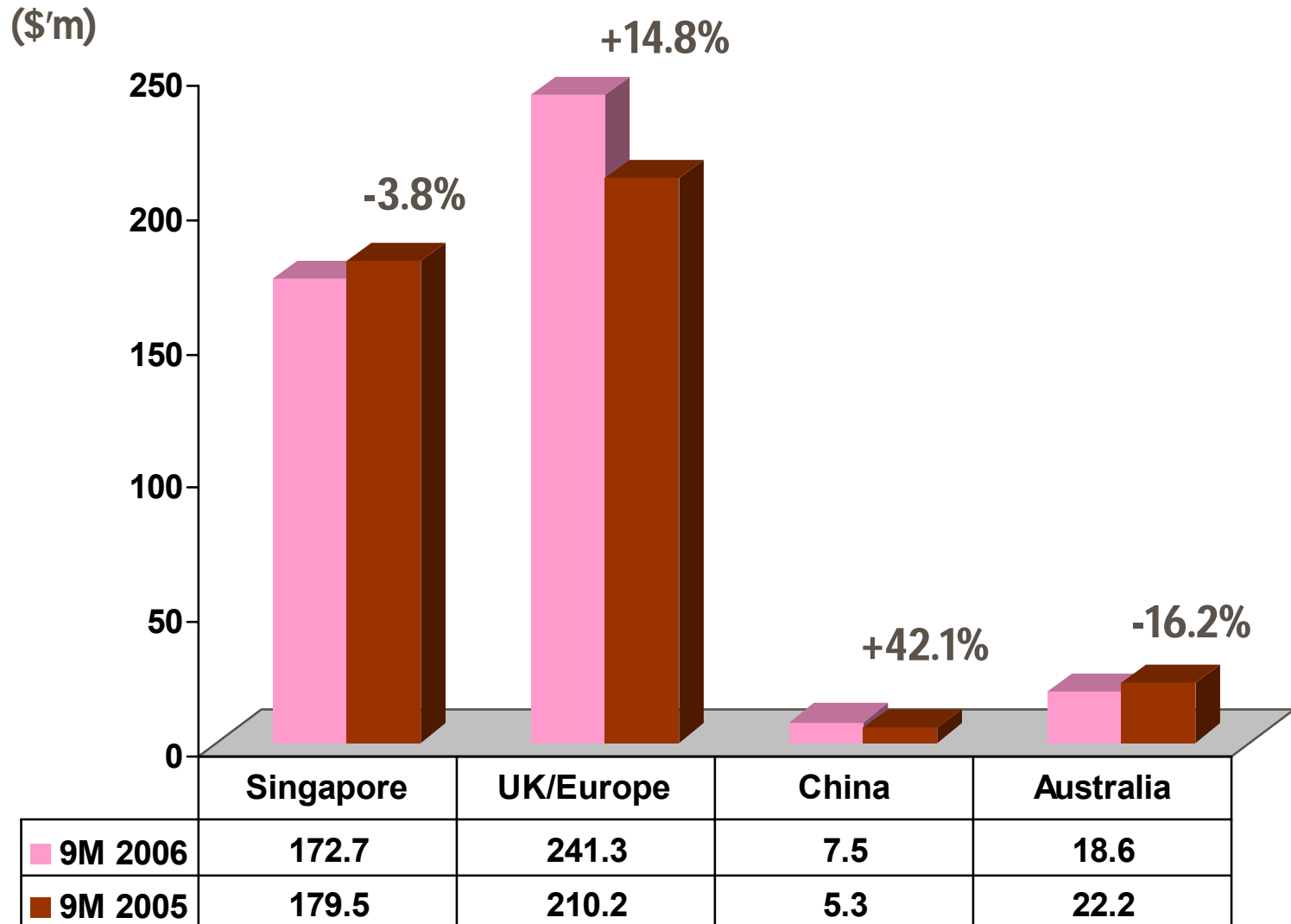


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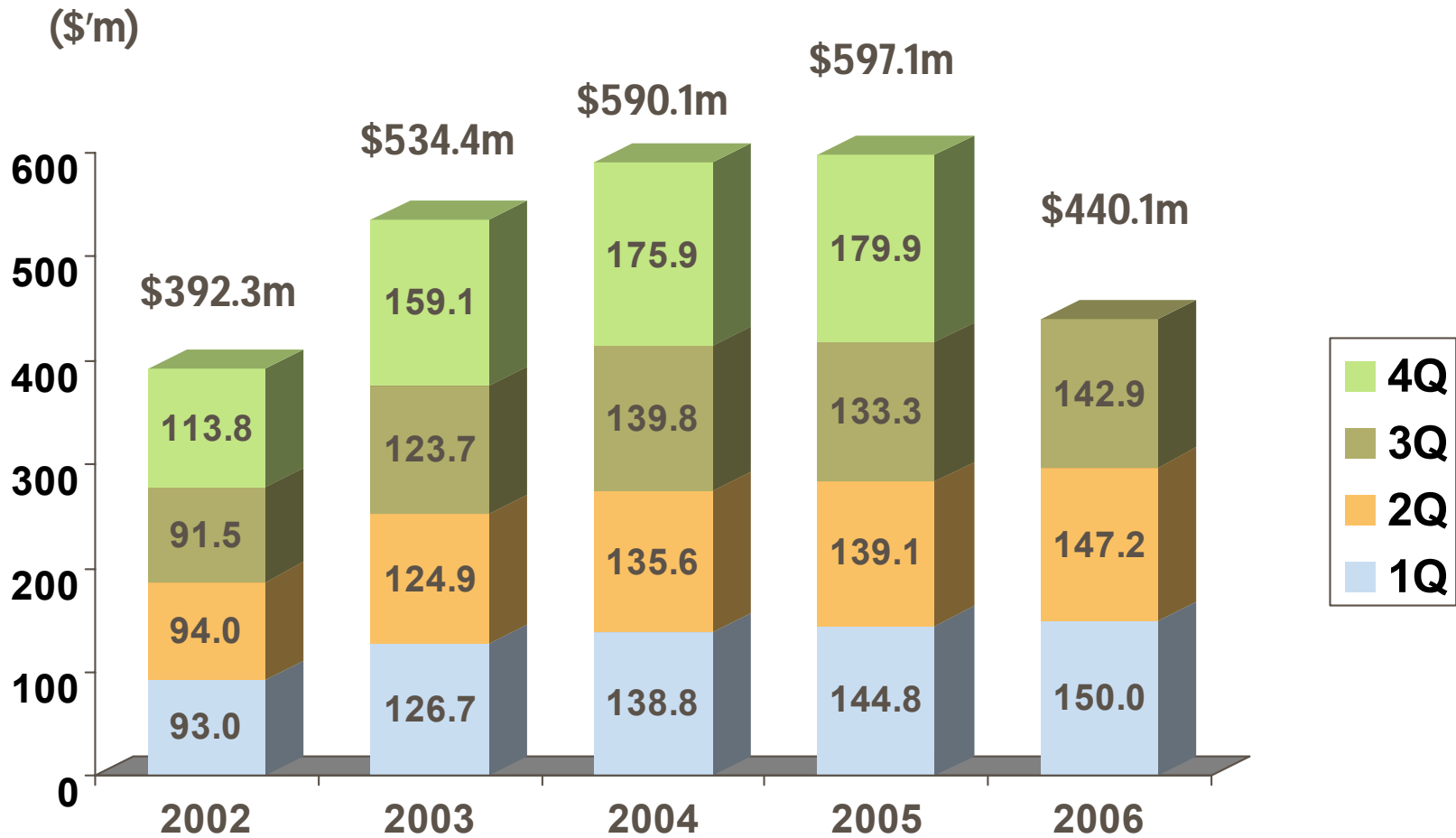
Segmental Results

Turnover by Geographical Region

(9M2006 vs 9M2005)

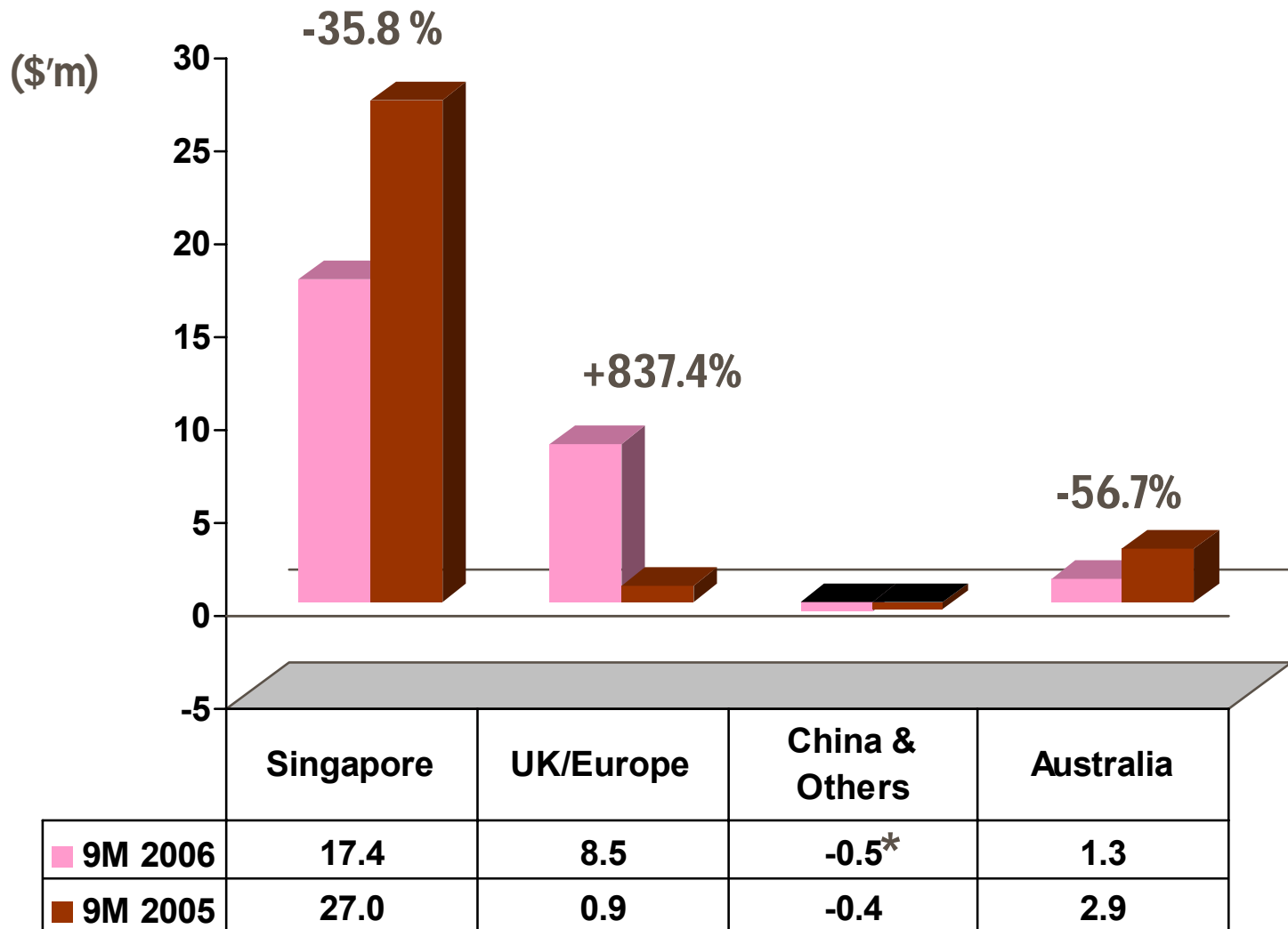


Turnover by Quarters



PBT by Geographical Region

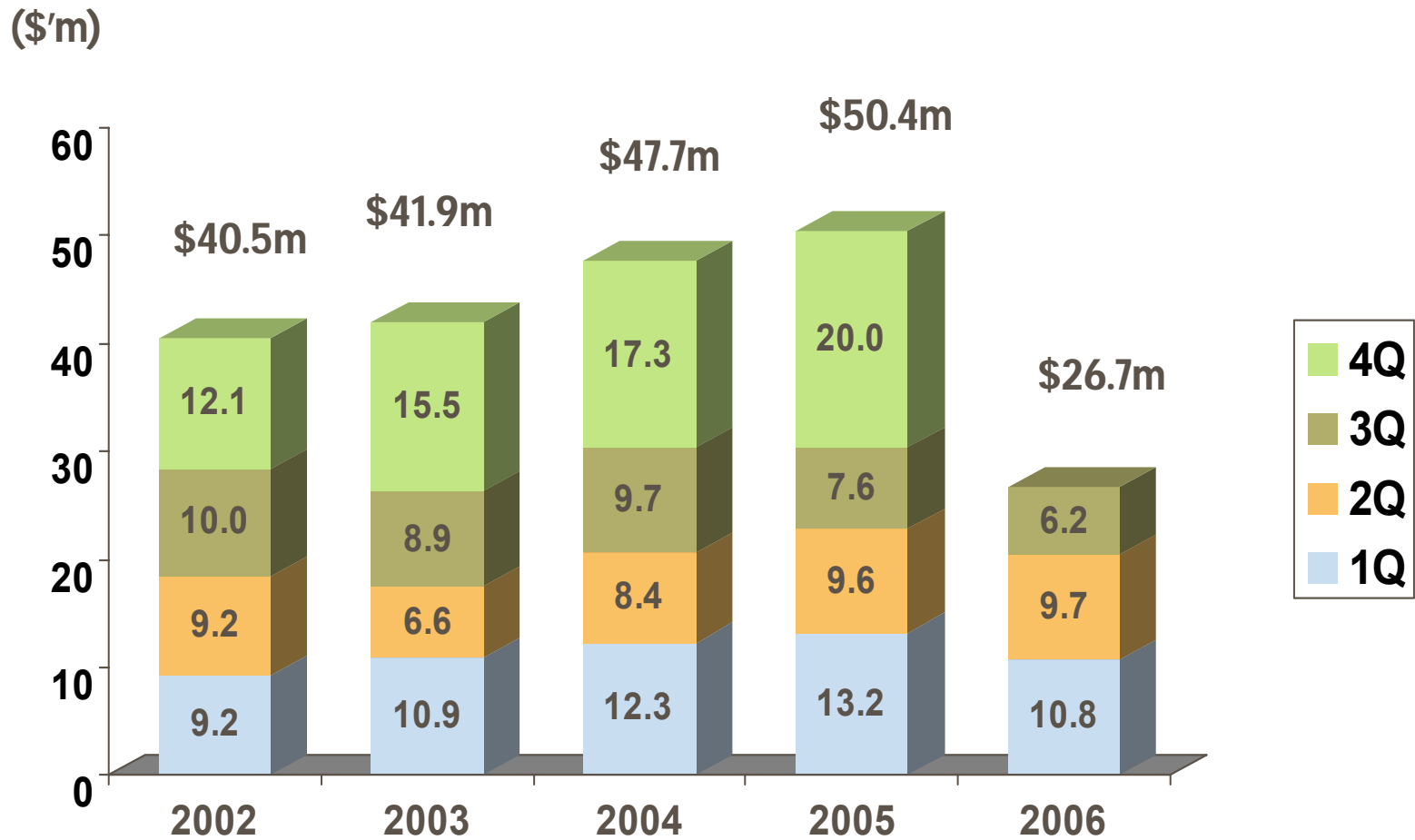
(9M2006 vs 9M2005)



*includes \$648,000 loss on voluntary winding up of a dormant Malaysian subsidiary in 1Q2006



PBT by Quarters





Singapore Food Industries Limited

EVA, Cash Flows and Balance Sheet Highlights

EVA Statement

(9M2006 vs 9M2005)

S\$'000	9M2006	9M2005
Profit Before Taxation	26,674	30,366
Adjustments for:		
(Decrease)/increase in general provision for doubtful debts	(206)	(357)
(Decrease)/increase in general provision for stock obsolescence	(1)	1
Interest expense	2,556	2,612
Interest expense on non-capitalised leases	82	77
Adjusted Earnings Before Income Tax	29,105	32,699
Less Cash Operating Taxes	7,879	8,579
Net Operating Profit After Tax (NOPAT)	21,226	24,120
Average EVA Capital Employed	223,062	214,936
Weighted Average Cost of Capital	7.0%	6.3%
Capital Charge	11,710	10,155
Economic Value Added (EVA)	9,516	13,965

Return on EVA Capital*	12.7	15.0
Weighted Average Cost of Capital	7.0	6.3
EVA Spread*	5.7	8.7

* Annualised



Group Cash Flow Statement

(9M2006 vs 9M2005)

S\$'000

9M 2006 9M 2005

Profit before taxation

26,674 30,366

EBITDA Adjustments:

Share of profit of a jointly controlled entity

4 5

Interest expense

2,556 2,612

Interest income

(445) (297)

Depreciation and amortisation

12,874 14,209

EBITDA

41,663 46,895

Gain on disposal of property, plant and equipment and intangible assets

(737) (37)

Provision for diminution in value of other financial assets

28 45

Provision for fair value of share-based compensation expenses

561 496

Loss on liquidation of a subsidiary

648 0

Changes in Working Capital

2,309 (7,169)

Income taxes paid

(12,756) (7,439)

Net Cash Flow from Operating Activities

31,716 32,791

Net Cash Flow from Investing Activities

(5,176) (10,742)

Net Cash Flow from Financing Activities

(20,882) (24,190)

Net Cash Flow

5,658 (2,141)

Cash and Bank Balances at end of period

24,385 13,560



Consolidated Balance Sheet

S\$'000	September 2006	June 2006	December 2005
Property, Plant & Equipment	126,689	126,956	130,923
Intangible assets	45,210	45,552	46,466
JV & other long term assets	1,330	1,331	1,766
Inventories	31,041	34,793	39,327
Trade & other receivables	91,380	97,643	93,884
Cash and bank balances	24,385	19,637	18,810
Bank overdrafts	(5,063)	(3,669)	(1,447)
Trade & other payables	(92,368)	(95,463)	(110,198)
Current portion of bank loans	(41,724)	(48,373)	(37,983)
Provision for taxation	(10,705)	(13,314)	(15,988)
Long Term Liabilities	(15,964)	(16,580)	(18,274)
	154,211	148,513	147,286
Share Capital & Reserves	144,755	139,281	138,246
Minority Interests	9,456	9,232	9,040
	154,211	148,513	147,286



Interim Dividend for FY2006

■ Interim dividend

- Gross dividend of 2.2 cents per share, less tax (or 1.76 cents net).
(2005: Gross 2.2 cents per share less tax, or 1.76 cents net)
- Book closure on 12 January 2007, for purpose of determining entitlements
- Dividend payable on 25 Jan 2007
- Section 44 balance will be fully utilised
- 1-tier tax for final dividend payment in June 2007 (subject to shareholders' approval)

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





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Operations Review

Food Distribution

for the nine months ended 30 September 2006

	9M2006	9M2005	%Δ
Turnover	\$98.4m	\$102.4m	(3.9)
PBT	\$6.8m	\$9.2m	(26.3)

- Sales in 3Q2006 fell 16.9% due to poor trading conditions especially in the poultry and pork market. Market conditions have since improved.
- PBT decreased due to the lower sales at lower margins.



Food Preparation, Mfg & Processing

for the nine months ended 30 September 2006

	9M2006	9M2005	%Δ
Turnover	\$329.4m	\$298.5m	10.3
PBT	\$18.4m	\$15.5m	18.7

- Strong overseas performance boosts growth in Food Preparation, Mfg & Processing business segment

Singapore

- Catering revenues lower for 9M2006 due to weaker performance in 1st half. Some improvement in 3Q2006.
- Overall, PBT lower in 9M2006



Food Preparation, Mfg & Processing

for the nine months ended 30 September 2006

Overseas

- Overseas subsidiaries registered a combined turnover of \$267.4m, an increase of \$29.7m or 12.5% over 9M2005
- Daniels turnover increased \$19.2m or 14.8%
 - Soup sales grew 8.9%
 - Prepared fruit sales grew 61.4%
 - Juice and drinks sales grew 18.9%
- PBT for Daniels increased \$4.6m (131.8% higher), as a result.



Food Preparation, Mfg & Processing

for the nine months ended 30 September 2006

Overseas

- ICL sales grew \$7.3m or 10.6% for 9M2006, helped by strong growth of 23.2% in 3Q2006.
- PBT was \$1.4m or 61.2% higher
- Cresset's sales increased by \$6.8m in 9M2006 due to higher chilled ready meals sales, offset by lower sales in ambient business
- Loss attributable to Cresset reduced by \$1.6m in 9M2006



Food Preparation, Mfg & Processing

for the nine months ended 30 September 2006

Overseas

- Combined turnover from Australian subsidiaries decreased by \$3.6m or 16.2% due to
 - Lower commercial fishing and seafood processing, and
 - One-off final billings for facilities management in 2005
- Australian operations reported profit drop of \$1.6m despite gain of \$0.7m on sale of fishing licences
- Shanghai STFI sales grew \$2.2m or 42.1% due to higher sales of frozen ready-meals to food service sector. Profits improved by \$0.6m.



Abattoir & Hog Auction

for the nine months ended 30 September 2006

	9M2006	9M2005	%Δ
Turnover	\$12.3m	\$16.2m	(23.9)
PBT	\$1.5m	\$5.7m	(73.4)

- Abattoir and Hog Auction revenues fell due to substantially lower slaughter and auction numbers at 772 and 753 pigs per day respectively (9M2005: 1,050 and 967 respectively)
- PBT lower due to reduced pig supply





Singapore Food Industries Limited

FY2006 Outlook

Outlook

Singapore Operations

- Food Distribution
 - Performance expected to improve in 4Q2006
 - Focus on driving sales in core categories
- Food Catering
 - 4Q2006 expected to be comparable to 4Q2005
 - Strong customer relationship; sales is volume driven
- Abattoir & Hog Auction
 - Live pig supply expected to improve in 4Q2006 but unlikely to be higher than 4Q2005



Outlook

Overseas Operations

■ Daniels

- Expected to deliver growth in all core product categories
 - Fresh soup growth drivers still strong. Market penetration only 23%; more growth possible
 - New Covent Garden soup secured additional listings and deeper distribution in key accounts from this winter
 - Manufacture of fresh soup for food service accounts commenced in Ireland in 3rd quarter; releases production capacity in UK for peak winter season for NCG soup
 - Supply of own label drinks to 2 new major retail customers commenced during the year. Operates on higher base.
 - Strong growth in prepared fruit business expected to continue for rest of FY2006.
 - Capex for soup and prepared fruit possible beyond 2006



Outlook

Overseas Operations

- ICL
 - Have recovered from impact of Sudan 1 food scare in 2005
 - Good performance expected to continue for rest of year
 - ICL is niche player in large CRM market in UK; focus on higher value add premium product lines
- Cresset
 - CRM sales has grown with start of supply to third key customer since end of 1H2006
 - Higher off-take by key customers and improvement in factory efficiencies key to turnaround to profitability in 2007



Outlook

Overseas Operations

- Australia
 - Looking to exit from commercial fishing and seafood processing in Australia within next 2 years.
- Shanghai STFI
 - Frozen ready meal products targeted at food service outlets has increased steadily. SSTFI will be focusing on growing this segment.
 - Manufactured chicken products continue to face stagnant market due to Avian flu concerns.





Singapore Food Industries Limited

FY2006 Outlook

While overseas operations will continue to build on their profitable base in FY2006, the Singapore market still faces significant challenges. Earnings for full year 2006 is expected to be lower than last year.

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



Singapore Food Industries Limited

Acquisition in the UK

Acquisition of Farmhouse Fare Limited

- SFI's wholly-owned UK subsidiary, Daniels Chilled Food Limited (DCF), acquired today the entire issued share capital of Farmhouse Fare Limited (FFL), a company incorporated in United Kingdom.
- Total purchase consideration up to £10.0m (or S\$30.0m) payable in 2 tranches
 - First tranche of £7.0m at completion today based on NTA of £1.0m at completion and 5.36 times FY2006 EBITDA
 - Second tranche, up to £3.0m, is an earn-out based on 3.33 times incremental EBITDA (above FY2006 EBITDA) for FY ending 31 March 2007. Of this amount, £0.5m will be advanced to vendor at completion, and balance expected to be paid in mid-2007.
 - Acquisition financed through bank loans and internally generated funds.
- Farmhouse Fare has net assets on completion of £1.0 million; hence goodwill of £9.0 million; under FRS103, no amortisation required unless there is impairment in value of goodwill



Farmhouse Fare Company Profile

- Farmhouse Fare (FFL) was incorporated in 2001 and based in Clitheroe, in the English county of Lancashire
- Producer of premium quality chilled traditional English desserts such as sticky toffee pudding, luxury chocolate pudding, and luxury summer fruit pudding
- Products are sold under the Farmhouse Fare brand and also under retailers' own label, and listed in all major retail multiples
- 45 employees operating in factory of 20,000 sq ft
- FFL has been profitable over the last 3 years, reporting pre-tax profit of £900K for their last financial year ended 31 March 2006



Farmhouse Fare Company Profile

- Farmhouse Fare's last 3 years' financials (year ending 31 March) :

£ million	<u>2004</u>	<u>2005</u>	<u>2006</u>
Sales	0.9	2.5	4.8
EBIT	0.1	0.3	0.9
PBT	0.1	0.2	0.9
EBIT margin (%)	11.6	10.6	19.7

- The acquisition will raise the Group's debt/equity ratio from 0.4 in September 2006 to estimated 0.5 at December 2006



Market Opportunity

Chilled Desserts

- Chilled Desserts market estimated to be worth £497m (retail sales) in the UK, and products include trifle, mousse, cheesecake, and traditional puddings
- Market size of Traditional Puddings segment estimated at £74m (retail sales) and growing at 7% per year. Penetration is low at 31.5%. FFL operates in this market segment
- Consumers bringing back family meals, and traditional home-made foods and traditional puddings part of this trend.
- Consumers also look for more intense eating experience and hot puddings offer this in taste, texture and smell
- Traditional puddings add to local authenticity and is particularly suited to family meals



Market Opportunity

Chilled Desserts

- The Farmhouse Fare brand trades in the premium end of the traditional desserts category and has achieved good listings and distribution in major UK retail multiples
- Acquisition of FFL allows SFI Group to secure branded position in the growing premium chilled desserts category in the UK chilled convenience food sector and strengthen strategically important customer partnerships
- FFL has many potential synergies with Daniels, such as :
 - common customer interfaces
 - similar distribution networks
 - complementary products
 - brand management
- Daniels can also help grow FFL's business in relatively untapped food service sector



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.

